

Assembly Bill No. 2

Passed the Assembly July 24, 2009

Chief Clerk of the Assembly

Passed the Senate July 24, 2009

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2009, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Sections 1240.3, 2550, 2558.46, 8279.7, 8357, 8447, 17070.766, 42238.146, 42605, 44259, 45023.1, 45023.4, 46010.2, 47614.5, 52055.770, 52124.3, 60422.1, and 76300 of, to amend and repeal Section 33128.3 of, to amend, repeal, and add Section 47634.1 of, to add Sections 8481, 42606, 60200.7, 60852.3, and 84043 to, to add and repeal Sections 17463.7, 46201.2, and 52055.60 of, to repeal Section 8278 of, to repeal Article 22 (commencing with Section 8460) of Chapter 2 of Part 6 of Division 1 of Title 1 of, and to repeal and add Section 17587 of, the Education Code, to amend Sections 7906 and 8880.5 of the Government Code, and to amend Section 42 of Chapter 12 of the Statutes of 2009, relating to education, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 2, Evans. Education.

(1) Existing law requires the county superintendent of schools of each county, among other specified duties, to make annual visits to each school in his or her county to observe its operation and to learn of its problems. Existing law requires that the priority objective of those visits be the determination of whether each school has sufficient textbooks, as defined. Existing law states for the 2008–09 and 2009–10 fiscal years the intent of the Legislature that each pupil be provided with the same state-adopted standards-aligned textbook or instructional material as is provided to every other pupil enrolled in the same grade and same course offered by the local educational agency.

This bill would extend the definition of “sufficient textbooks” to the 2012–13 fiscal year and would modify the statement of legislative intent. The bill would clarify that a local educational agency is not required to purchase all of the instructional materials included in an adoption if the materials that are purchased are made available to all the pupils for whom they are intended in all of the schools within the local educational agency.

(2) Existing law requires a revenue limit to be calculated for each county superintendent of schools, adjusted for various factors, and reduced, as specified. Existing law reduces the revenue limit for each county superintendent of schools for the 2008–09 fiscal year by a deficit factor of 7.839% and for the 2009–10 fiscal year by a deficit factor of 13.360%.

This bill would increase the deficit factor for each county superintendent of schools for the 2009–10 fiscal year to 18.621%.

(3) Existing law makes child development appropriations, with the exception of funds appropriated for the After School Learning and Safe Neighborhoods Partnerships Program and for CalWORKs child care, available for expenditure for 3 years, except that funds remaining unencumbered at the end of the first fiscal year are required to revert to the General Fund. Existing law requires the Superintendent of Public Instruction to establish criteria and procedures for the reallocation of unearned contract funds in the 2nd and 3rd years of availability, in accordance with specified priorities.

This bill would repeal these provisions.

(4) Existing law appropriates funds to the County of Los Angeles to address the retention of qualified child care employees in state-subsidized child care centers and to licensed child care programs that serve a majority of children who receive subsidized child care services, including family day care homes. To qualify for use in licensed child care programs that serve a majority of children who receive subsidized child care services, the funds are required to meet specified requirements, including that they be appropriated in specified schedules of an item in specified Budget Acts.

This bill would change this requirement by instead requiring that the funds be appropriated in the annual Budget Act.

(5) Existing law requires the cost of state-funded child care services to be governed by regional market rates. Beginning March 1, 2009, the regional market rate ceilings are required to be established at the 85th percentile of the 2007 regional market rate survey for that region, and for the 2008–09 and 2009–10 fiscal years, the 85th percentile ceilings of the 2007 regional market rate survey for that region are required to remain in effect.

This bill would instead set the regional market rate ceiling at the 85th percentile of the 2005 regional market rate survey for that

region and delete the ceilings set for the 2008–09 and 2009–10 fiscal years. The bill would restrict to specified circumstances reimbursements to child care providers that are based upon a daily rate.

(6) Existing law requires the Department of Finance, by March 1 of each year, to provide to the State Department of Education the state median income amount for a 4-person household in California based on the best available data. The State Department of Education is required to adjust its fee schedule for child care providers to reflect this updated state median income.

This bill would prohibit changes from being implemented midyear.

(7) Existing law establishes the School Age Community Child Care Services Program for the provision of extended day care services.

This bill would make this program inoperative on September 1, 2009, or on the effective date of this bill, whichever is later, and would repeal it as of January 1, 2010.

(8) The Leroy F. Greene School Facilities Act of 1998 requires the State Allocation Board to require school districts applying for funds under that act to deposit, into a specified account for ongoing and major maintenance of school buildings, an amount equal to or greater than 3% of the total general fund expenditures of the applicant school district. Existing law, for the 2008–09 to the 2012–13 fiscal years, inclusive, reduces that deposit requirement to an amount equal to or greater than 1% of the total general fund expenditures of the applicant school district.

This bill would exempt a school district that maintains its facilities in good repair, as defined, from this 1% requirement.

(9) Existing law requires that the proceeds from the sale of surplus school real property be used for capital outlay or for prescribed costs of maintenance of school district property.

This bill, until January 1, 2012, would authorize a school district to deposit the proceeds from the sale of surplus school property, together with any personal property located on that property, purchased entirely with local funds, into the general fund of the school district and to use those proceeds for any one-time general fund purpose. The bill would make the district ineligible for hardship funding from the State School Deferred Maintenance Fund for 5 years after the date the proceeds are deposited into the

district's general fund. The bill would require the State Allocation Board to reduce an apportionment of hardship assistance awarded to that district, as specified. Before exercising the authority granted by the bill, the governing board of the school district would be required to submit documents containing specified certifications to the State Allocation Board and, at a regularly scheduled meeting of the governing board, present a plan for expending the proceeds of the sale.

(10) Existing law, for the 2003–04 and 2004–05 fiscal years, sets the minimum state requirement for a local educational agency's reserve for economic uncertainties at $\frac{1}{2}$ of the percentage for a reserve adopted by the State Board of Education as of May 1, 2003, and restores that requirement, for the 2005–06 fiscal year, to the percentage adopted by the state board as of May 1, 2003.

This bill would set that requirement for the 2009–10 fiscal year at $\frac{1}{3}$ of the percentage for a reserve adopted by the state board as of May 1, 2009, and would require a school district to make progress in the 2010–11 fiscal year to returning to compliance with the specified standards and criteria adopted by the state board. The bill would restore the requirement, for the 2011–12 fiscal year, to the percentage adopted by the state board as of May 1, 2009.

(11) Existing law requires the county superintendent of schools to determine a revenue limit for each school district in the county and requires the amount of the revenue limit to be adjusted for various factors. Existing law reduces the revenue limit for each school district for the 2008–09 fiscal year by a deficit factor of 7.844%, and for the 2009–10 fiscal year by a deficit factor of 13.094%.

This bill would instead reduce the revenue limit for each school district for the 2009–10 fiscal year by a deficit factor of 18.355%, and would set forth a mechanism by which basic aid school districts would assume categorical funding reductions proportionate to the revenue limit reductions implemented for nonbasic aid school districts.

(12) Existing law establishes various categorical education programs and appropriates the funding for those programs in the annual Budget Act. Existing law requires the Superintendent of Public Instruction, for the 2008–09 to 2012–13 fiscal years, inclusive, to apportion from the amount provided in the annual Budget Act for specified categorical education programs an amount

based on the same relative proportion that the local educational agency received in the 2008–09 fiscal year for those programs and authorizes school districts, for those fiscal years, to use these funds, with specified exceptions, for any educational purpose, to the extent permitted by federal law. Existing law, for those fiscal years, deems local educational agencies that use these categorical education program funds for any educational purpose to be in compliance with the program and funding requirements of those categorical education programs, including requirements related to average daily attendance accounting.

This bill would base the amount to be received from certain categorical education program budget items to be based on the same relative proportion that the recipient received in the 2007–08 fiscal year for those programs, instead of the 2008–09 fiscal year. The bill would require, for the 2008–09 to 2012–13 fiscal years, inclusive, and for certain calculations that use average daily attendance, that the average daily attendance for specified programs be the same amount used in those calculations for the 2007–08 fiscal year. The bill would declare that changes to these calculations in the California State Lottery Act, an initiative measure, further the purposes of that act, and therefore may be made by an act enacted by a 2/3 vote of both houses of the Legislature.

The bill would authorize a local educational agency to apply, on behalf of a school that begins operation in the 2008–09 to 2012–13 fiscal years, inclusive, for state categorical education program funding included in the annual Budget Act.

Existing law requires a school district that receives funding on behalf of a charter school to continue to distribute those funds to those charter schools based on the amounts distributed in the 2008–09 fiscal year and to adjust those amounts, as specified.

This bill would clarify that a school district that receives funding on behalf of a charter school is prohibited from redirecting that funding for another purpose, except as specified, and would require the school district to continue to distribute those funds to those charter schools based on the relative proportion that the school district distributed in the 2007–08 fiscal year. The bill would require the Superintendent to apportion from the amount appropriated for the charter school categorical block grant in accordance with the per pupil methodology prescribed by a specified provision of law.

Existing law, as a condition of receiving the categorical education program funds that may be used for any educational purpose, requires school districts and county offices of education, at a regularly scheduled, open, public hearing, to take testimony from the public, discuss, and approve or disapprove the proposed use of funding. Existing law, as a condition of transferring those funds to their general funds, requires school districts and county offices of education, at a regularly scheduled, open, public hearing, to take testimony from the public, discuss, and approve or disapprove each transfer and the proposed use of funding, and to report to the State Department of Education, in the existing annual Standardized Accounting System reporting process, the amounts transferred by using the appropriate program code for which the funds were expended. The department is required to collect and provide this information to the appropriate legislative policy and budget committees and the Department of Finance by February 28, 2010.

This bill would delete the meeting requirement that is a condition of transferring categorical education program funds to the general fund of a school district or county office of education. The bill would add to the requirement that is a condition of the receipt of categorical education program funds that may be used for any educational purpose, that the governing board make explicit the purposes for which the funds would be used. The bill would require a local educational agency to report expenditures by using the appropriate function codes of the Standardized Accounting System reporting process to indicate the activities for which these funds were expended. The bill would require the department to collect and provide this information to the appropriate legislative policy and budget committees and the Department of Finance by April 15, 2010, and annually thereafter, until 2014.

(13) Existing law sets forth the minimum requirements for the professional clear multiple or single subject teacher credential. Among those requirements is the completion of a program of beginning teacher induction. This requirement is contingent on the availability of funds in the annual Budget Act to provide statewide access to eligible beginning teachers.

This bill would remove the contingency of this requirement on the availability of funds.

(14) Existing law prescribes the minimum length of time for the instructional school year and the minimum number of

instructional minutes per schoolday. Existing law imposes fiscal penalties on school districts and county offices of education that fail to maintain those minimum instructional times per school year or schoolday.

This bill, commencing with the 2009–10 school year and continuing through the 2012–13 school year, would authorize a school district, county office of education, and charter school to reduce the equivalent of up to 5 days of instruction or the equivalent number of instructional minutes without incurring the fiscal penalties.

(15) Existing law establishes the Charter School Facility Grant Program to provide assistance with facilities rent and lease costs for pupils in charter schools by reimbursing charter schools for those expenses.

This bill, commencing with the 2009–10 fiscal year, would instead require the Superintendent of Public Instruction to annually allocate the facilities grants to eligible charter schools no later than October 1 of each fiscal year but would require that funding appropriated for this program in the 2009–10 fiscal year be used first to reimburse eligible charter schools for rent or lease costs for the 2008–09 fiscal year.

(16) Existing law requires the categorical block grant for charter schools for the 2007–08 school year to be \$500 per unit of charter school average daily attendance, as determined at the 2nd principal apportionment for the 2007–08 fiscal year, to be adjusted for cost of living each fiscal year thereafter, and to be supplemented, as specified, for economic impact aid-eligible pupils. Existing law states the intent of the Legislature to fully fund the categorical block grant for charter schools and sets forth a mechanism to appropriate additional funding if needed for unanticipated increases in average daily attendance and counts of economic impact aid-eligible pupils.

This bill would strictly limit funding deficiencies to unanticipated increases in average daily attendance and counts of economic impact aid-eligible pupils and would prohibit additional funding from being provided to restore certain reductions made to categorical programs pursuant the annual Budget Act.

(17) The federal No Child Left Behind Act of 2001 requires a local educational agency to identify an elementary or secondary school that fails, for 2 consecutive years, to make adequate yearly

progress, as defined by the state, for program improvement. The act requires a school that continues to fail to make adequate yearly progress after being identified for program improvement to take additional corrective action or meet specified restructuring requirements. The Public Schools Accountability Act of 1999 requires the State Department of Education to identify local educational agencies that are in danger of being identified for program improvement pursuant to the No Child Left Behind Act, and to notify those local educational agencies, in writing, of that status. The department also is required to provide those agencies with research-based criteria to conduct a voluntary self-assessment.

This bill would prohibit the State Department of Education and the State Board of Education from prohibiting a school, school district, county office of education, or charter school that has been identified for program improvement or corrective action under the federal No Child Left Behind Act of 2001 from utilizing certain categorical program flexibility provisions of law and from identifying the fund with which sanctions or corrective actions are to be implemented.

(18) The Quality Education Investment Act of 2006 (QEIA) requires the Superintendent of Public Instruction to identify and invite school districts and chartering authorities that have eligible schools to participate in the QEIA program and receive funds for agreeing to comply with specified program requirements. The program requires that for each of the 2008–09 to 2013–14 fiscal years, inclusive, \$450,000,000 per fiscal year, be allocated, with \$48,000,000 for allocation by the Chancellor of the California Community Colleges to community colleges and \$402,000,000 for allocation by the Superintendent.

This bill would extend that allocation to the 2014–15 fiscal year and, commencing with the 2010–11 fiscal year, payments of that allocation would be required to be made on or after October 8 of each fiscal year. For each fiscal year, commencing with the 2010–11 fiscal year to the 2014–15 fiscal year, inclusive, the \$48,000,000 allocated to the community colleges would be required to be used for the purpose of providing funding to the community colleges to improve and expand career technical education in public secondary education and lower division public higher education, including the hiring of additional faculty to expand the number of career technical education programs and course offerings.

The bill would appropriate, in lieu of the statutorily required appropriation, \$402,000,000 from the General Fund to the Superintendent of Public Instruction for the 2009–10 fiscal year to be allocated to schoolsites participating in the QEIA program and would reduce the amount of its revenue limit funding, or general purpose entitlement, as applicable, for the 2009–10 fiscal year by the amount allocated pursuant to this appropriation. A school district that participated in the program in the 2009–10 fiscal year would be authorized to apply for specified grants provided to the state pursuant to specified federal statutes.

(19) Existing law establishes the Class Size Reduction Program under which a participating school district or county office of education reduces class size to 20 pupils per class in kindergarten and grades 1 to 3, inclusive. Existing law provides that a local educational agency is eligible to receive program funding only if it was participating in the program as of December 10, 2008 and only for the grade level or levels for which it had applied to receive funding as of that date.

This bill would provide instead that, for the 2008–09, 2009–10, 2010–11 and 2011–12 fiscal years, that a local educational agency is eligible to receive program funding for the same number of classes for which it had applied to receive program funding as of January 1, 2009, and only for the number of classes reported on the 2008–09 operations application.

(20) Existing law requires the State Board of Education to adopt basic instructional materials for use in kindergarten and grades 1 to 8, inclusive, and requires the state board to adopt procedures for the submission of basic instructional materials, including the review of the curriculum frameworks.

This bill would prohibit the state board from adopting instructional materials and procedures for their submission until the 2013–14 fiscal year.

(21) Existing law establishes the Instructional Materials Funding Realignment Program that requires the State Department of Education to apportion funds to school districts and requires the governing board of a school district to use that funding to ensure that each pupil is provided with a standards-aligned textbook or basic instructional materials by the beginning of the first school term that commences no later than 24-months after those materials were adopted by the State Board of Education, except as specified.

Existing law exempts, until July 1, 2010, school districts from the 24-month requirement.

This bill would extend that exemption until July 1, 2013, but state that this exemption does not does not relieve school districts of their obligations to provide every pupil with textbooks or instructional materials as provided under specified law.

(22) Existing law requires each pupil completing grade 12 to successfully pass the exit examination as a condition of receiving a diploma of graduation or a condition of graduation from high school. Existing law requires that each pupil take the high school exit examination in grade 10 and allows each pupil to take the examination during each subsequent administration until each section of the examination has been passed. Existing law, commencing January 1, 2011, authorizes an eligible pupil with a disability to participate in alternative means of demonstrating the level of academic achievement in the content standards required for passage of the high school exit examination.

This bill, commencing with the 2009–10 school year, would exempt an eligible pupil with a disability from the requirement to pass the high school exit examination as a condition of receiving a diploma of graduation or a condition of graduation from high school. This exemption would last until the State Board of Education makes a determination that alternative means by which eligible pupils with disabilities may demonstrate that they have achieved the same level of academic achievement in the portions of, or those content standards required for passage of the high school exit examination are not feasible or that the alternative means are implemented. Pupils with exceptional needs would be required to take the high school exit examination in grade 10 for purposes of fulfilling the federal No Child Left Behind Act of 2001.

(23) Existing law establishes community college districts under the administration of community college governing boards and authorizes these districts to provide instruction at community college campuses throughout the state. Existing law requires the governing board of each community college district to charge each student, with specified exceptions, a fee of \$20 per unit per semester, effective with the spring term of the 2006–07 academic year.

This bill would increase that fee to \$26 per unit per semester, effective with the fall term of the 2009–10 academic year.

(24) Under existing law, the board of governors is required to develop criteria and standards for the purposes of making the annual budget request for the California Community Colleges to the Governor and the Legislature, pursuant to specified minimum requirements. Among those requirements, existing law requires, except as otherwise provided, that specified categorical programs providing direct services to students be funded separately through the annual Budget Act.

This bill would, for the 2009–10 to 2012–13 fiscal years, inclusive, authorize a community college district to use funds apportioned to the district for specified categorical programs for purposes of a prescribed list of programs. The bill would prescribe public hearing and reporting requirements as a condition of receiving these funds. The bill would require the Chancellor of the California Community Colleges to annually report these expenditures to the Department of Finance and the Legislature, as specified.

(25) Existing law, for the 2008–09 and 2009–10 fiscal years, authorizes the governing board of a school district or county office of education to use up to 100 percent of the balances, as of June 30, 2008, of restricted accounts in its general fund or cafeteria fund with certain exclusion, including, among others restricted reserves committed for capital outlay, and excluding balances in specified categorical education programs, including, among others the Targeted Instructional Improvement Grant Program, the Instructional Materials Program, and the California High School Exit Exam Intensive Intervention Program. Existing law requires a governing board that elects to use balances in restricted accounts to report to the Superintendent regarding the programs and amounts of restricted balances used and requires the Superintendent to report statewide information and information for each school district and county office of education to the Joint Legislative Budget Committee by October 31, 2009.

This bill would exclude the use of the ending balance in the cafeteria fund and the balances in the English Learner Acquisition and Development Pilot Program and child development programs, but would authorize the use of balances in the Targeted Instructional Improvement Grant Program, the Instructional

Materials Program, and the California High School Exit Exam Intensive Intervention Program, and restricted reserves committed for capital outlay. The bill would change the deadline of the date by which the Superintendent is required to report to the Joint Legislative Budget Committee to April 15, 2010.

(26) Existing law authorizes the governing board of a school district to establish a district deferred maintenance fund for specified maintenance purposes. The State Allocation Board is required to apportion from the State School Deferred Maintenance Fund, to school district an amount equal to \$1 for each \$1 of local funds up to a specified maximum. To be eligible to receive the state matching funds a school district is required to deposit in its district deferred maintenance fund a specified amount. Existing law authorizes the State Allocation Board to reserve funds in the State School Deferred Maintenance Fund for apportionments to school districts in instances of extreme hardship, as defined.

This bill would suspend for the 2008–09 to 2012–13 fiscal years, inclusive, the requirement that a school district deposit the required amount in its district deferred maintenance fund and also suspend the board’s authority to reserve funds for apportionments to school districts in instances of extreme hardship.

(27) Existing law requires the county superintendent of schools to approve, conditionally approve, or disapprove the adopted budget for each school district and requires the Superintendent of Public Instruction to review and certify the budget approved by the county superintendent of schools. Existing law requires the governing board of a school district to certify twice each fiscal year whether the district is able to meet its financial obligations for the remainder of the fiscal year and the subsequent fiscal year. The certification is required to be filed with the county superintendent of schools who is required to submit a qualified or negative certification to the Controller and Superintendent.

This bill, for the 2009–10 fiscal year, would prohibit a county superintendent of schools and the Superintendent of Public Instruction from assigning a qualified or negative certification to a local education agency based substantially on a projected loss of federal funds provided through the federal State Fiscal Stabilization Fund of the American Recovery and Reinvestment Act of 2009 in the 2011–12 fiscal year. The bill would authorize the Superintendent to convene a standards and criteria committee

to modify the budget and financial review criteria to incorporate this change for the 2009–10 fiscal year.

(28) The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. The Governor issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on July 1, 2009.

This bill would state that it addresses the fiscal emergency declared by the Governor by proclamation issued on July 1, 2009, pursuant to the California Constitution.

(29) This bill would declare that it is to take effect immediately as an urgency statute.

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1. Section 1240.3 of the Education Code is amended to read:

1240.3. (a) For the purposes of Section 1240, for the 2008–09 to 2012–13 fiscal years, inclusive, sufficient textbooks or instructional materials include standards-aligned textbooks or instructional materials, or both, that were adopted prior to July 1, 2008, by the state board or local educational agency pursuant to statute, unless those local educational agencies purchased or arranged to purchase textbooks or instructional materials adopted by the state board after that date. It is the intent of the Legislature that each local educational agency provide each pupil with standards-aligned textbooks or instructional materials from the same adoption, consistent with Sections 60119 and 60422. This section does not require a local educational agency to purchase all of the instructional materials included in an adoption if the materials that are purchased are made available to all the pupils for whom they are intended in all of the schools within the local educational agency.

(b) Notwithstanding Section 1240 or any other law, for the 2008–09 to 2012–13 fiscal years, inclusive, a county superintendent of schools, in making visits to schools as specified in Section 1240, shall determine the status of sufficient textbooks as defined in subdivision (a).

(c) This section shall become inoperative on July 1, 2013, and, as of January 1, 2014, is repealed, unless a later enacted statute that is enacted before January 1, 2014, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 2. Section 2550 of the Education Code is amended to read:

2550. For each fiscal year, the Superintendent shall make the following computations to determine the amount to be allocated for direct services and other purposes provided by county superintendents of schools:

(a) For programs operated pursuant to subdivision (a) of Section 14054, the Superintendent shall:

(1) Determine the allowances that county superintendents received per unit of average daily attendance in the prior fiscal year. The Superintendent shall increase each amount by a percentage equal to the inflation allowance calculated for the current fiscal year pursuant to Section 2557.

(2) Multiply each amount determined in paragraph (1) by the actual number of units of average daily attendance in the prior fiscal year for programs maintained by each county superintendent. For purposes of this paragraph, the number of units of average daily attendance shall include only units generated by elementary districts with less than 901 units of average daily attendance, high school districts with less than 301 units of average daily attendance, and unified school districts with less than 1,501 units of average daily attendance within each county superintendent's jurisdiction.

(b) For programs operated pursuant to subdivision (b) of Section 14054, the Superintendent shall:

(1) (A) For the 1999–2000 fiscal year, determine the rate per unit of average daily attendance calculated for each county office of education pursuant to subdivision (b) of Section 2567 and increase each rate by a percentage equal to the inflation allowance calculated in Section 2557.

(B) For the 2000–01 fiscal year, determine the rate per unit of average daily attendance calculated for each county office of education pursuant to subdivision (b) of Section 2568 and increase each rate by a percentage equal to the inflation allowance calculated in Section 2557.

(C) For the 2001–02 fiscal year and each fiscal year thereafter, determine the allowances that county superintendents received per

unit of average daily attendance in the prior fiscal year. The Superintendent of Public Instruction shall increase each amount by a percentage equal to the inflation allowance calculated for the current fiscal year pursuant to Section 2557.

(2) (A) Multiply each amount determined in paragraph (1) by the units of average daily attendance in the current fiscal year for programs for kindergarten and grades 1 to 12, inclusive, maintained by each county superintendent. For the purposes of this paragraph, average daily attendance shall include only the total units of average daily attendance credited to all elementary, high school, and unified school districts within each county superintendent's jurisdiction and to the county superintendent.

(B) For purposes of this paragraph, in each of the 2008–09, 2009–10, 2010–11, 2011–12, and 2012–13 fiscal years, the units of average daily attendance in each of those fiscal years for programs for kindergarten and grades 1 to 12, inclusive, maintained by each county superintendent shall include the same amount of average daily attendance for classes for adults and regional occupational centers and programs used in the calculation pursuant to this subdivision for the 2007–08 fiscal year.

SEC. 3. Section 2558.46 of the Education Code is amended to read:

2558.46. (a) (1) For the 2003–04 fiscal year, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced by a 1.195 percent deficit factor.

(2) For the 2004–05 fiscal year, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced by a 0.323 percent deficit factor.

(3) For the 2003–04 and 2004–05 fiscal years, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced further by a 1.826 percent deficit factor.

(4) For the 2005–06 fiscal year, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced further by a 0.898 percent deficit factor.

(5) For the 2008–09 fiscal year, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced by a 7.839 percent deficit factor.

(6) For the 2009–10 fiscal year, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced by a 18.621 percent deficit factor.

(b) In computing the revenue limit for each county superintendent of schools for the 2006–07 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that county superintendent of schools had been determined for the 2003–04, 2004–05, and 2005–06 fiscal years without being reduced by the deficit factors specified in subdivision (a).

(c) In computing the revenue limit for each county superintendent of schools for the 2010–11 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that county superintendent of schools had been determined for the 2009–10 fiscal year without being reduced by the deficit factors specified in subdivision (a).

SEC. 4. Section 8278 of the Education Code is repealed.

SEC. 5. Section 8279.7 of the Education Code is amended to read:

8279.7. (a) The Legislature recognizes the importance of providing quality child care services. It is, therefore, the intent of the Legislature to assist counties in improving the retention of qualified child care employees who work directly with children who receive state-subsidized child care services.

(b) It is further the intent of the Legislature, in amending this section during the 2009–10 Regular Session, to address the unique challenges of the County of Los Angeles, in which an estimated 60,000 low-income children receive subsidized child care in nonstate-funded child care settings and an additional 50,000 eligible children are waiting for subsidized services.

(c) (1) Except as provided in paragraph (2), the funds appropriated for the purposes of this section by paragraph (11) of Schedule (b) of Item 6110-196-0001 of Section 2.00 of the Budget Act of 2000 (Ch. 52, Stats. 2000), and that are described in subdivision (i) of Provision 7 of that item, and any other funds appropriated for purposes of this section, shall be allocated to local child care and development planning councils based on the percentage of state-subsidized, center-based child care funds received in that county, and shall be used to address the retention of qualified child care employees in state-subsidized child care centers.

(2) Of the funds identified in paragraph (1), funds qualified pursuant to subparagraphs (A) to (C), inclusive, may also be used to address the retention of qualified persons working in licensed

child care programs that serve a majority of children who receive subsidized child care services pursuant to this chapter, including, but not limited to, family day care homes as defined in Section 1596.78 of the Health and Safety Code. To qualify for use pursuant to this paragraph, the funds shall meet all of the following requirements:

(A) The funds are allocated for use in the County of Los Angeles.

(B) The funds are appropriated in the annual Budget Act.

(C) The funds are unexpended after addressing the retention of qualified child care employees in state-subsidized child care centers and family child care home education networks.

(d) The department shall develop guidelines for use by local child care and development planning councils in developing county plans for the expenditure of funds allocated pursuant to this section. These guidelines shall be consistent with the department's assessment of the current needs of the subsidized child care workforce, and shall be subject to the approval of the Secretary for Education and the Department of Finance. Any county plan developed pursuant to these guidelines shall be approved by the department prior to the allocation of funds to the local child care and development planning council.

(e) Funds provided to a county for the purposes of this section shall be used in accordance with the plan approved pursuant to subdivision (d). A county with an approved plan may retain up to 1 percent of the county's total allocation made pursuant to this section for reimbursement of administrative expenses associated with the planning process.

(f) The Superintendent of Public Instruction shall provide an annual report, no later than April 10 of each year, to the Legislature, the Secretary for Education, the Department of Finance, and the Governor that includes, but is not limited to, a summary of the distribution of the funds by county and a description of the use of the funds.

SEC. 6. Section 8357 of the Education Code is amended to read:

8357. (a) The cost of child care services provided under this article shall be governed by regional market rates. Recipients of child care services provided pursuant to this article shall be allowed to choose the child care services of licensed child care providers

or child care providers who are, by law, not required to be licensed, and the cost of that child care shall be reimbursed by counties or agencies that contract with the State Department of Education if the cost is within the regional market rate. For purposes of this section, “regional market rate” means care costing no more than 1.5 market standard deviations above the mean cost of care for that region. The regional market rate ceilings shall be established at the 85th percentile of the 2005 regional market rate survey for that region.

(b) Reimbursement to child care providers shall not exceed the fee charged to private clients for the same service.

(c) Reimbursement shall not be made for child care services when care is provided by parents, legal guardians, or members of the assistance unit.

(d) A child care provider located on an Indian reservation or rancheria and exempted from state licensing requirements shall meet applicable tribal standards.

(e) For purposes of this section, “reimbursement” means a direct payment to the provider of child care services, including license exempt-providers. If care is provided in the home of the recipient, payment may be made to the parent as the employer, and the parent shall be informed of his or her concomitant legal and financial reporting requirements. To allow time for the development of the administrative systems necessary to issue direct payments to providers, for a period not to exceed six months from the effective date of this article, a county or an alternative payment agency contracting with the State Department of Education may reimburse the cost of child care services through a direct payment to a recipient of aid rather than to the child care provider.

(f) Counties and alternative payment programs shall not be bound by the rate limits described in subdivision (a) when there are, in the region, no more than two child care providers of the type needed by the recipient of child care services provided under this article.

(g) Notwithstanding any other provision of law, reimbursements to child care providers based upon a daily rate may only be authorized under either of the following circumstances:

(1) A family has an unscheduled but documented need of six hours or more per occurrence, such as the parent’s need to work

on a regularly scheduled day off, that exceeds the certified need for child care.

(2) A family has a documented need of six hours or more per day that exceeds no more than 14 days per month. In no event shall reimbursements to a provider based on the daily rate over one month's time exceed the provider's equivalent full-time monthly rate or applicable monthly ceiling.

(3) This subdivision shall not limit providers from being reimbursed for services using a weekly or monthly rate, pursuant to subdivision (c) of Section 8222.

SEC. 7. Section 8447 of the Education Code is amended to read:

8447. (a) The Legislature hereby finds and declares that greater efficiencies may be achieved in the execution of state subsidized child care and development program contracts with public and private agencies by the timely approval of contract provisions by the Department of Finance, the Department of General Services, and the State Department of Education and by authorizing the State Department of Education to establish a multiyear application, contract expenditure, and service review as may be necessary to provide timely service while preserving audit and oversight functions to protect the public welfare.

(b) (1) The Department of Finance and the Department of General Services shall approve or disapprove annual contract funding terms and conditions, including both family fee schedules and regional market rate schedules that are required to be adhered to by contract, and contract face sheets submitted by the State Department of Education not more than 30 working days from the date of submission, unless unresolved conflicts remain between the Department of Finance, the State Department of Education, and the Department of General Services. The State Department of Education shall resolve conflicts within an additional 30 working day time period. Contracts and funding terms and conditions shall be issued to child care contractors no later than June 1. Applications for new child care funding shall be issued not more than 45 working days after the effective date of authorized new allocations of child care moneys.

(2) Notwithstanding paragraph (1), the State Department of Education shall implement the regional market rate schedules

based upon the county aggregates, as determined by the Regional Market survey conducted in 2005.

(3) Notwithstanding paragraph (1), for the 2006–07 fiscal year, the State Department of Education shall update the family fee schedules by family size, based on the 2005 state median income survey data for a family of four. The family fee schedule used during the 2005–06 fiscal year shall remain in effect. However, the department shall adjust the family fee schedule for families that are newly eligible to receive or will continue to receive services under the new income eligibility limits. The family fees shall not exceed 10 percent of the family’s monthly income.

(4) It is the intent of the Legislature to fully fund the third stage of child care for former CalWORKs recipients.

(c) With respect to subdivision (b), it is the intent of the Legislature that the Department of Finance annually review contract funding terms and conditions for the primary purpose of ensuring consistency between child care contracts and the child care budget. This review, shall include evaluating any proposed changes to contract language or other fiscal documents to which the contractor is required to adhere, including those changes to terms or conditions that authorize higher reimbursement rates, that modify related adjustment factors, that modify administrative or other service allowances, or that diminish fee revenues otherwise available for services, to determine if the change is necessary or has the potential effect of reducing the number of full-time equivalent children that may be served.

(d) Alternative payment child care systems, as set forth in Article 3 (commencing with Section 8220), shall be subject to the rates established in the Regional Market Rate Survey of California Child Care Providers for provider payments. The State Department of Education shall contract to conduct and complete a Regional Market Rate Survey no more frequently than once every two years, consistent with federal regulations, with a goal of completion by March 1.

(e) By March 1 of each year, the Department of Finance shall provide to the State Department of Education the State Median Income amount for a four-person household in California based on the best available data. The State Department of Education shall adjust its fee schedule for child care providers to reflect this updated state median income; however, no changes based on

revisions to the state median income amount shall be implemented midyear.

(f) Notwithstanding the June 1 date specified in subdivision (b), changes to the regional market rate schedules and fee schedules may be made at any other time to reflect the availability of accurate data necessary for their completion, provided these documents receive the approval of the Department of Finance. The Department of Finance shall review the changes within 30 working days of submission and the State Department of Education shall resolve conflicts within an additional 30 working day period. Contractors shall be given adequate notice prior to the effective date of the approved schedules. It is the intent of the Legislature that contracts for services not be delayed by the timing of the availability of accurate data needed to update these schedules.

(g) Notwithstanding any other provision of law, no family receiving CalWORKs cash aid may be charged a family fee.

SEC. 8. Section 8481 is added to the Education Code, to immediately follow Section 8480, to read:

8481. This article shall become inoperative on September 1, 2009, or on the date that the act adding this section becomes effective, whichever date is later, and, as of January 1, 2010, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2010, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 9. Section 17070.766 of the Education Code is amended to read:

17070.766. Notwithstanding paragraph (2) of subdivision (b) of Section 17070.75, for the 2008–09, 2009–10, 2010–11, 2011–12, and 2012–13 fiscal years, the board shall require a school district to deposit into the account established pursuant to paragraph (1) of subdivision (b) of Section 17070.75 only an amount equal to 1 percent of the total expenditures by a district from its general fund in the 2008–09, 2009–10, 2010–11, 2011–12, and 2012–13 fiscal years respectively, but if the school district maintains its facilities in good repair, as defined in Section 17002, it shall be exempt from this 1 percent requirement. A school district may elect to deposit into the account an amount that is greater than the amount required by the board pursuant to this section.

SEC. 10. Section 17463.7 is added to the Education Code, to read:

17463.7. (a) Notwithstanding any other law, a school district may deposit the proceeds from the sale of surplus real property, together with any personal property located on the property, purchased entirely with local funds, into the general fund of the school district and may use the proceeds for any one-time general fund purpose. If the purchase of the property was made using the proceeds of a local general obligation bond or revenue derived from developer fees, the amount of the proceeds of the transaction that may be deposited into the general fund of the school district may not exceed the percentage computed by the difference between the purchase price of the property and the proceeds from the transaction, divided by the amount of the proceeds of the transaction. For the purposes of this section, proceeds of the transaction means either of the following, as appropriate:

(1) The amount realized from the sale of property after reasonable expenses related to the sale.

(2) For a transaction that does not result in a lump-sum payment of the proceeds of the transaction, the proceeds of the transaction shall be calculated as the net present value of the future cashflow generated by the transaction.

(b) The State Allocation Board shall reduce an apportionment of hardship assistance awarded to the particular school district pursuant to Article 8 (commencing with Section 17075.10) by an amount equal to the amount of the sale of surplus real property used for a one-time expenditure of the school district pursuant to this section.

(c) If the school district exercises the authority granted pursuant to this section, the district is ineligible for hardship funding from the State School Deferred Maintenance Fund under Section 17587 for five years after the date proceeds are deposited into the general fund pursuant to this section.

(d) Before a school district exercises the authority granted pursuant to this section, the governing board of the school district shall first submit to the State Allocation Board documents certifying the following:

(1) The school district has no major deferred maintenance requirements not covered by existing capital outlay resources.

(2) The sale of real property pursuant to this section does not violate the provisions of a local bond act.

(3) The real property is not suitable to meet projected school construction needs for the next 10 years.

(e) Before the school district exercises the authority granted pursuant to this section, the governing board of the school district at a regularly scheduled meeting shall present a plan for expending one-time resources pursuant to this section. The plan shall identify the source and use of the funds and describe the reasons why the expenditure will not result in ongoing fiscal obligations for the school district.

(f) The Office of Public School Construction shall submit an interim and a final report to the State Allocation Board and the budget, education policy, and fiscal committees of the Legislature that identifies the school districts that have exercised the authority granted by this section, the amount of proceeds involved, and the purpose for which those proceeds were used. The interim report shall be submitted by January 1, 2011, and the final report by January 1, 2012.

(g) This section shall remain in effect only until January 1, 2012, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2012, deletes or extends that date.

SEC. 11. Section 17587 of the Education Code is repealed.

SEC. 12. Section 17587 is added to the Education Code, to read:

17587. (a) Notwithstanding the limitations of Section 17584, the State Allocation Board may each year reserve an amount not to exceed 10 percent of the funds transferred from any source to the State School Deferred Maintenance Fund for apportionments to school districts, in instances of extreme hardship. The apportionment shall be in addition to the apportionments made pursuant to Section 17584. Not less than one-half of all funds made available by this section shall be apportioned to school districts that had an average daily attendance, excluding summer session attendance, of less than 2,501 during the prior fiscal year.

An extreme hardship shall exist in a school district if the State Allocation Board determines the existence of all of the following:

(1) That the district has deposited in its deferred maintenance fund an amount equal to at least 0.5 percent of the total general funds and adult education funds budgeted by the district for the fiscal year, exclusive of any amounts budgeted for capital outlay or debt service.

(2) That the district has a critical project on its five-year plan which, if not completed in one year, could result in serious damage to the remainder of the facility or would result in a serious hazard to the health and safety of the pupils attending the facility.

(3) That the total funds deposited by the district and the state pursuant to Section 17584 are insufficient to complete the project.

(b) If a determination is made that a hardship exists pursuant to subdivision (a), the State Allocation Board may increase the apportionment to a school district by the amount it determines necessary to complete the critical project.

(c) Notwithstanding subdivision (a), in any fiscal year in which the State Allocation Board has apportioned all funding from the State School Deferred Maintenance Fund for which school districts have qualified under Section 17584, the board may apportion any amount remaining in that fund for the purposes of this section.

(d) This section shall become operative on July 1, 2013.

SEC. 13. Section 33128.3 of the Education Code is amended to read:

33128.3. (a) Notwithstanding the standards and criteria adopted pursuant to paragraph (3) of subdivision (a) of Section 33128, for the 2009–10 fiscal year, the minimum state requirement for a reserve for economic uncertainties is one-third of the percentage for a reserve adopted by the state board pursuant to Section 33128 as of May 1, 2009.

(b) The school district shall make progress, in the 2010–11 fiscal year, toward returning to compliance with the standards and criteria adopted pursuant to paragraph (3) of subdivision (a) of Section 33128.

(c) For the 2011–12 fiscal year, the minimum state requirement for a reserve for economic uncertainties shall be restored to the percentage adopted by state board pursuant to Section 33128 as of May 1 2009.

(d) This section shall become inoperative on July 1, 2012, and, as of January 1, 2013, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2013, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 14. Section 42238.146 of the Education Code is amended to read:

42238.146. (a) (1) For the 2003–04 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a 1.198 percent deficit factor.

(2) For the 2004–05 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a 0.323 percent deficit factor.

(3) For the 2003–04 and 2004–05 fiscal years, the revenue limit for each school district determined pursuant to this article shall be further reduced by a 1.826 percent deficit factor.

(4) For the 2005–06 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a 0.892 percent deficit factor.

(5) For the 2008–09 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a 7.844 percent deficit factor.

(6) For the 2009–10 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a 18.355 percent deficit factor.

(b) In computing the revenue limit for each school district for the 2006–07 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that school district had been determined for the 2003–04, 2004–05, and 2005–06 fiscal years without being reduced by the deficit factors specified in subdivision (a).

(c) In computing the revenue limit for each school district for the 2010–11 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that school district had been determined for the 2009–10 fiscal year without being reduced by the deficit factors specified in subdivision (a).

SEC. 15. Section 42605 of the Education Code is amended to read:

42605. (a) (1) Unless otherwise prohibited under federal law or otherwise specified in subdivision (e), for the 2008–09 fiscal year to the 2012–13 fiscal year, inclusive, recipients of funds from the items listed in paragraph (2) may use funding received, pursuant to subdivision (b), from any of these items listed in paragraph (2) that are contained in an annual Budget Act, for any educational purpose:

(2) 6110-104-0001, 6110-105-0001, 6110-108-0001, 6110-122-0001, 6110-123-0001, 6110-124-0001, 6110-137-0001,

6110-144-0001, 6110-150-0001, 6110-151-0001, 6110-156-0001, 6110-181-0001, 6110-188-0001, 6110-189-0001, 6110-190-0001, 6110-193-0001, 6110-195-0001, 6110-198-0001, 6110-204-0001, 6110-208-0001, 6110-209-0001, 6110-211-0001, 6110-227-0001, 6110-228-0001, 6110-232-0001, 6110-240-0001, 6110-242-0001, 6110-243-0001, 6110-244-0001, 6110-245-0001, 6110-246-0001, 6110-247-0001, 6110-248-0001, 6110-260-0001, 6110-265-0001, 6110-266-0001, 6110-267-0001, 6110-268-0001, and 6360-101-0001.

(b) (1) For the 2009–10 fiscal year to the 2012–13 fiscal year, inclusive, the Superintendent or other administering state agency, as appropriate, shall apportion from the amounts provided in the annual Budget Act for the items enumerated in paragraph (2) of subdivision (a), an amount to recipients based on the same relative proportion that the recipient received in the 2008–09 fiscal year for the programs funded through the items enumerated in paragraph (2) of subdivision (a).

(2) This section and Section 42 of Chapter 12 of the Statutes of 2009 do not authorize a school district that receives funding on behalf of a charter school pursuant to Sections 47634.1 and 47651 to redirect this funding for another purpose unless otherwise authorized in law or pursuant to an agreement between a charter school and its chartering authority. Notwithstanding paragraph (1), for the 2008–09 fiscal year to the 2012–13 fiscal year, inclusive, a school district that receives funding on behalf of a charter school pursuant to Sections 47634.1 and 47651 shall continue to distribute the funds to those charter schools based on the relative proportion that the school district distributed in the 2007–08 fiscal year, and shall adjust those amounts to reflect changes in charter school attendance in the district. The amounts allocated shall be adjusted for any greater or lesser amount appropriated for the items enumerated in paragraph (2) of subdivision (a). For a charter school that began operation in the 2008–09 fiscal year, if a school district received funding on behalf of that charter school pursuant to Sections 47634.1 and 47651, the school district shall continue to distribute the funds to that charter school based on the relative proportion that the school district distributed in the 2008–09 fiscal year and shall adjust the amount of those funds to reflect changes in charter school attendance in the district. The amounts allocated shall be adjusted for any greater

or lesser amount appropriated for the items enumerated in paragraph (2) of subdivision (a).

(3) Notwithstanding paragraph (1), for the 2008–09 fiscal year to the 2012–13 fiscal year, inclusive, the Superintendent shall apportion from the amounts appropriated by Item 6110-211-0001 of the annual Budget Act, an amount to a charter school in accordance with the per pupil methodology prescribed in subdivision (c) of Section 47634.1.

(4) Notwithstanding paragraph (1), for the 2008–09 fiscal year to the 2012–13 fiscal year, inclusive, the Superintendent shall apportion from the amounts provided in the annual Budget Act, an amount to a school district, charter school, and county office of education based on the same relative proportion that the local educational agency received in the 2007–08 fiscal year for the programs funded through the following items contained in the annual Budget Act: 6110-104-0001, 6110-105-0001, 6110-156-0001, 6110-190-0001, schedule (3) of 6110-193-0001, 6110-198-0001, 6110-232-0001, and schedule (2) of 6110-240-0001.

(5) For purposes of paragraph (4) of this subdivision, if a direct-funded charter school began operation in the 2008–09 fiscal year, the amount that the charter school was entitled to receive from the items enumerated in paragraph (4) for the 2008–09 fiscal year, as certified by the Superintendent in March 2009, is deemed to have been received in the 2007–08 fiscal year.

(c) (1) This section does not obligate the state to refund or repay reductions made pursuant to this section. A decision by a school district to reduce funding pursuant to this section for a state-mandated local program shall constitute a waiver of the subvention of funds that the school district is otherwise entitled to pursuant to Section 6 of Article XIII B of the California Constitution on the amount so reduced.

(2) As a condition of receipt of funds, the governing board of the school district or board of the county office of education, as appropriate, at a regularly scheduled open public hearing shall take testimony from the public, discuss, approve or disapprove the proposed use of funding, and make explicit for each of the budget items in paragraph (2) of subdivision (a) the purposes for which the funds will be used.

(3) Using the Standardized Account Code Structure reporting process, a local educational agency shall report expenditures of funds pursuant to the authority of this section by using the appropriate function codes to indicate the activities for which these funds are expended. The department shall collect and provide this information to the Department of Finance and the appropriate policy and budget committees of the Legislature by April 15, 2010, and annually thereafter on April 15 until, and including, April 15, 2014.

(d) For the 2008–09 fiscal year to the 2012–13 fiscal year, inclusive, local education agencies that use the flexibility provision of the section shall be deemed to be in compliance with the program and funding requirements contained in statutory, regulatory, and provisional language, associated with the items enumerated in subdivision (a).

(e) Notwithstanding subdivision (d), the following requirements shall continue to apply:

(1) For Items 6110-105-0001 and 6110-156-0001, the amount authorized for flexibility shall exclude the funding provided for instruction of CalWORKs eligible students pursuant to schedules (2) and (3), and provisions 2 and 4.

(2) (A) Any instructional materials purchased by a local education agency shall be the materials adopted by the state board for kindergarten and grades 1 to 8, inclusive, and for grades 9 to 12, inclusive, the materials purchased shall be aligned with state standards as defined by Section 60605, and shall also meet the reporting and sufficiency requirements contained in Section 60119.

(B) For purposes of this section, “sufficiency” means that each pupil has sufficient textbooks and instructional materials in the four core areas as defined by Section 60119, and that all pupils within the local education agency who are enrolled in the same course shall have identical textbooks and instructional materials, as specified in Section 1240.3.

(3) For Item 6110-195-0001, the item shall exclude moneys that are required to fund awards for teachers that have previously met the requirements necessary to obtain these awards, until the award is paid in full.

(4) For Item 6110-266-0001, a county office of education shall conduct at least one site visit to each of the required schoolsites

pursuant to Section 1240 and shall fulfill all of the duties set forth in Sections 1240 and 44258.9.

(5) For Item 6110-198-0001, a school district or county office of education that operates the child care component of the Cal-SAFE program shall comply with paragraphs (5) and (6) of subdivision (c) of Section 54746.

(f) This section does not invalidate any state law pertaining to teacher credentialing requirements or the functions that require credentials.

SEC. 16. Section 42606 is added to the Education Code, to read:

42606. (a) A local educational agency, including a direct-funded charter school, may apply for any state categorical program funding included in the annual Budget Act on behalf of a school that begins operation in the 2008–09 to the 2012–13 fiscal years, inclusive, but only to the extent the school or local educational agency is eligible for funding and meets the provisions of the program that were in effect as of January 1, 2009, except that charter schools shall not apply for any of the programs contained in 47634.4.

(b) A local educational agency that establishes a new school by redirecting enrollment from its existing schools to the new school shall not be eligible to receive funding in addition to the amounts allocated pursuant to Section 42605 for the categorical programs specified in that section or for the class size reduction program pursuant to Sections 52122 and 52124.

(c) The Superintendent shall report the number of new schools and the programs that these schools are applying for, including an estimate of the cost for that year. This information shall be reported by November 11, 2009, and each fiscal year thereafter, to the appropriate Committees of the Legislature, the Legislative Analyst's Office, and the Department of Finance.

SEC. 17. Section 44259 of the Education Code is amended to read:

44259. (a) Except as provided in subparagraphs (A) and (C) of paragraph (3) of subdivision (b), each program of professional preparation for multiple or single subject teaching credentials shall not include more than one year of, or the equivalent of one-fifth of a five-year program in, professional preparation.

(b) The minimum requirements for the preliminary multiple or single subject teaching credential are all of the following:

(1) A baccalaureate degree or higher degree from a regionally accredited institution of postsecondary education. Except as provided in subdivision (c) of Section 44227, the baccalaureate degree shall not be in professional education. The commission shall encourage accredited institutions to offer undergraduate minors in education and special education to students who intend to become teachers.

(2) Passage of the state basic skills examination that is developed and administered by the commission pursuant to Section 44252.5.

(3) Satisfactory completion of a program of professional preparation that has been accredited by the committee on accreditation on the basis of standards of program quality and effectiveness that have been adopted by the commission. In accordance with the commission's assessment and performance standards, each program shall include a teaching performance assessment as set forth in Section 44320.2 which is aligned with the California Standards for the Teaching Profession. The commission shall ensure that each candidate recommended for a credential or certificate has demonstrated satisfactory ability to assist pupils to meet or exceed state content and performance standards for pupils adopted pursuant to subdivision (a) of Section 60605. Programs that meet this requirement for professional preparation shall include any of the following:

(A) Integrated programs of subject matter preparation and professional preparation pursuant to subdivision (a) of Section 44259.1.

(B) Postbaccalaureate programs of professional preparation, pursuant to subdivision (b) of Section 44259.1.

(C) Internship programs of professional preparation, pursuant to Section 44321, Article 7.5 (commencing with Section 44325), Article 11 (commencing with Section 44380), and Article 3 (commencing with Section 44450) of Chapter 3.

(4) Study of alternative methods of developing English language skills, including the study of reading as described in subparagraphs (A) and (B), among all pupils, including those for whom English is a second language, in accordance with the commission's standards of program quality and effectiveness. The study of reading shall meet the following requirements:

(A) Commencing January 1, 1997, satisfactory completion of comprehensive reading instruction that is research-based and includes all of the following:

(i) The study of organized, systematic, explicit skills including phonemic awareness, direct, systematic, explicit phonics, and decoding skills.

(ii) A strong literature, language, and comprehension component with a balance of oral and written language.

(iii) Ongoing diagnostic techniques that inform teaching and assessment.

(iv) Early intervention techniques.

(v) Guided practice in a clinical setting.

(B) For the purposes of this section, “direct, systematic, explicit phonics” means phonemic awareness, spelling patterns, the direct instruction of sound/symbol codes and practice in connected text and the relationship of direct, systematic, explicit phonics to the components set forth in clauses (i) to (v), inclusive.

A program for the multiple subjects credential also shall include the study of integrated methods of teaching language arts.

(5) Completion of a subject matter program that has been approved by the commission on the basis of standards of program quality and effectiveness pursuant to Article 6 (commencing with Section 44310) or passage of a subject matter examination pursuant to Article 5 (commencing with Section 44280). The commission shall ensure that subject matter standards and examinations are aligned with the state content and performance standards for pupils adopted pursuant to subdivision (a) of Section 60605.

(6) Demonstration of a knowledge of the principles and provisions of the Constitution of the United States pursuant to Section 44335.

(7) Commencing January 1, 2000, demonstration, in accordance with the commission’s standards of program quality and effectiveness, of basic competency in the use of computers in the classroom as determined by one of the following:

(A) Successful completion of a commission-approved program or course.

(B) Successful passage of an assessment that is developed, approved, and administered by the commission.

(c) The minimum requirements for the professional clear multiple or single subject teaching credential shall include all of the following requirements:

(1) Possession of a valid preliminary teaching credential, as prescribed in subdivision (b), possession of a valid equivalent credential or certificate, or completion of equivalent requirements as determined by the commission.

(2) Except as provided in paragraph (3), completion of a program of beginning teacher induction, including one of the following:

(A) A program of beginning teacher support and assessment approved by the commission and the Superintendent pursuant to Section 44279.1, a provision of the Marian Bergeson Beginning Teacher Support and Assessment System.

(B) An alternative program of beginning teacher induction that is provided by one or more local educational agencies and has been approved by the commission and the Superintendent on the basis of initial review and periodic evaluations of the program in relation to appropriate standards of credential program quality and effectiveness that have been adopted by the commission, the Superintendent, and the state board pursuant to this subdivision. The standards for alternative programs shall encourage innovation and experimentation in the continuous preparation and induction of beginning teachers. Any alternative program of beginning teacher induction that has met state standards pursuant to this subdivision may apply for state funding pursuant to Sections 44279.1 and 44279.2.

(C) An alternative program of beginning teacher induction that is sponsored by a regionally accredited college or university, in cooperation with one or more local school districts, that addresses the individual professional needs of beginning teachers and meets the commission's standards of induction. The commission shall ensure that preparation and induction programs that qualify candidates for professional credentials extend and refine each beginning teacher's professional skills in relation to the California Standards for the Teaching Profession and the standards of pupil performance adopted pursuant to Section 60605.

(3) (A) If a candidate satisfies the requirements of subdivision (b), including completion of an accredited internship program of professional preparation, and if that internship program fulfills

induction standards and is approved as set forth in this subdivision, the commission shall determine that the candidate has fulfilled the requirements of paragraph (2).

(B) If an approved induction program is verified as unavailable to a beginning teacher, or if the beginning teacher is required under the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.) to complete subject matter coursework to be qualified for a teaching assignment, the commission shall accept completion of an approved fifth-year program after completion of a baccalaureate degree at a regionally accredited institution as fulfilling the requirements of paragraph (2). The commission shall adopt regulations to implement this subparagraph.

(4) Experience that includes the application of knowledge and skills previously acquired in a preliminary credential program, in accordance with commission standards, that addresses the following:

(A) Health education, including study of nutrition, cardiopulmonary resuscitation, and the physiological and sociological effects of abuse of alcohol, narcotics, and drugs and the use of tobacco. Training in cardiopulmonary resuscitation shall also meet the standards established by the American Heart Association or the American Red Cross.

(B) Field experience in methods of delivering appropriate educational services to pupils with exceptional needs in regular education programs.

(C) Advanced computer-based technology, including the uses of technology in educational settings.

(d) The commission shall develop and implement standards of program quality and effectiveness that provide for the areas of application listed in subparagraphs (A) to (C), inclusive, of paragraph (4) of subdivision (c), starting in professional preparation and continuing through induction.

(e) A credential that was issued prior to January 1, 1993, shall remain in force as long as it is valid under the laws and regulations that were in effect on the date it was issued. The commission may not, by regulation, invalidate an otherwise valid credential, unless it issues to the holder of the credential, in substitution, a new credential authorized by another provision in this chapter that is no more restrictive than the credential for which it was substituted

with respect to the kind of service authorized and the grades, classes, or types of schools in which it authorizes service.

(f) A credential program that is approved by the commission may not deny an individual access to that program solely on the grounds that the individual obtained a teaching credential through completion of an internship program when that internship program has been accredited by the commission.

(g) Notwithstanding this section, persons who were performing teaching services as of January 1, 1999, pursuant to the language of this section that was in effect prior to that date, may continue to perform those services without complying with any requirements that may be added by the amendments adding this subdivision.

(h) Subparagraphs (A) and (B) of paragraph (4) of subdivision (b) do not apply to any person who, as of January 1, 1997, holds a multiple or single subject teaching credential, or to any person enrolled in a program of professional preparation for a multiple or single subject teaching credential as of January 1, 1997, who subsequently completes that program. It is the intent of the Legislature that the requirements of subparagraphs (A) and (B) of paragraph (4) of subdivision (b) be applied only to persons who enter a program of professional preparation on or after January 1, 1997.

SEC. 18. Section 45023.1 of the Education Code is amended to read:

45023.1. (a) Commencing with the 2000–01 fiscal year, the governing board of a school district, the county superintendent of schools, or the county board of education may increase, for teachers meeting the requirements prescribed by this section, the salary on its adopted certificated employee salary schedule as provided in subdivision (b). For purposes of this section, a teacher for whom the governing board, county superintendent of schools, or county board of education may increase salaries shall meet all of the following criteria:

- (1) Hold a valid California teaching credential, not including an emergency permit, intern certificate or credential, or waiver.
- (2) Possess a baccalaureate or higher degree.
- (3) Receive a salary paid through the general fund of the district or county office.

(b) The governing board, county superintendent of schools, or county board of education that increases its salaries pursuant to subdivision (a) shall perform the following computations:

(1) The governing board, county superintendent of schools, or county board of education shall designate as the lowest salary on the salary schedule for a certificated employee meeting the criteria in subdivision (a) an amount that is at least an annual salary of thirty-four thousand dollars (\$34,000) in the 2000–01 fiscal year.

(2) The governing board, county superintendent of schools, or county board of education shall increase to the annual salary amount in paragraph (1) the salary of any certificated employee meeting the criteria in subdivision (a) whose salary on the salary schedule for the 1999–2000 fiscal year was less than the amount computed in paragraph (1) and, notwithstanding Section 45028, shall incorporate that increase into the salary schedule commencing with the 2000–01 fiscal year.

(c) Each school district or county office of education that increases its beginning teacher annual minimum salary to thirty-four thousand dollars (\$34,000) pursuant to subdivision (b) shall elect, except as provided in subdivision (j), to receive reimbursement for the cost of the increase pursuant to only one of the following two options:

(1) Option One:

(A) In fiscal year 2000–01, a school district, county superintendent of schools, or county office of education that increases salaries pursuant to paragraph (2) of subdivision (b) and selects reimbursement Option One shall receive an amount equal to six dollars (\$6) times the district’s or county office’s second principal apportionment average daily attendance for the 1999–2000 fiscal year, excluding attendance in adult education programs and charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8.

(B) Divide the amount received from the state pursuant to subparagraph (A) for the 2000–01 fiscal year by the school district or county office of education second principal apportionment average daily attendance for the 1999–2000 fiscal year, excluding attendance in adult education programs and charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8.

(C) For the 2001–02 fiscal year and each fiscal year thereafter, for each school district that increases its salaries pursuant to subdivision (a), the Superintendent shall sum the results of paragraphs (i) and (ii) and add that figure to the total school district revenue limit computed pursuant to Section 42238:

(i) Annually increase the funding rate per unit of average daily attendance specified in subparagraph (B) by the percentage increase pursuant to subdivision (b) of Section 42238.1 and multiply the resulting product by the school district’s second principal apportionment average daily attendance for the current fiscal year excluding attendance in regional occupational centers/programs, adult education programs, and charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8.

(ii) Annually increase the funding rate per unit of average daily attendance specified in subparagraph (B) by the percentage increase pursuant to subdivision (b) of Section 42238.1 and multiply the resulting product by the school district’s second principal apportionment average daily attendance for the current fiscal year in regional occupational centers/programs excluding attendance in charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8.

(D) For the 2001–02 fiscal year and each fiscal year thereafter, for each county office of education that increases its salaries pursuant to subdivision (a), the Superintendent shall add the sum of paragraphs (i) and (ii) to the county office of education revenue limit computed pursuant to Section 2550:

(i) Annually increase the funding rate per unit of average daily attendance specified in subparagraph (B) by the percentage increase identified pursuant to Section 2557 and multiply the resulting product by the county office of education’s second principal apportionment average daily attendance for the current fiscal year excluding attendance in regional occupational centers/programs, adult education programs, and charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8.

(ii) Annually increase the funding rate per unit of average daily attendance specified in subparagraph (B) by the percentage increase identified pursuant to Section 2557 and multiply the resulting

product by the county office of education's second principal apportionment average daily attendance for the current fiscal year in regional occupational centers/programs excluding attendance in charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8.

(E) The school district, county superintendent of schools, or county office of education shall utilize these incentive funds not only to meet the new beginning teacher annual minimum salary of thirty-four thousand dollars (\$34,000), but may also use the funds to generally enhance teachers' salaries in order to achieve the goals of retention of qualified, competent, and experienced teachers and the attainment of a reasonable salary commensurate with a teacher's experience, education, and responsibilities.

(2) Option Two: A school district, county superintendent of schools, or county office of education may submit a request to the Superintendent, on a form supplied by the Superintendent, for state funding computed as follows:

(A) Total the salaries of all certificated employees receiving increased salaries up to a maximum of thirty-four thousand dollars (\$34,000) per person pursuant to subdivision (b) for the 2000–01 fiscal year.

(B) Total all salaries, based on the salary schedule for the 2000–01 fiscal year before the increase made pursuant to subdivision (b), of all certificated employees receiving increased salaries pursuant to subdivision (b).

(C) Subtract the amount in subparagraph (B) from the amount in subparagraph (A).

(D) Multiply the amount in subparagraph (C) by the district's statutory benefit rates.

(E) For the 2000–01 fiscal year, a school district, county superintendent of schools, or county office of education that increases salaries pursuant to paragraph (2) of subdivision (b) and selects reimbursement Option Two shall receive the sum of paragraphs (C) and (D).

(F) Divide the sum of the amounts received pursuant to paragraphs (C) and (D) for the 2000–01 fiscal year by the school district and county office of education average daily attendance for the second principal apportionment for the 2000–01 fiscal year, excluding attendance in adult education programs and charter

schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8.

(G) For the 2001–02 fiscal year and each fiscal year thereafter, for each school district that increases its salaries pursuant to subdivision (a), the Superintendent shall sum the results of paragraphs (i) and (ii) and add that figure to the total school district revenue limit computed pursuant to Section 42238:

(i) Annually increase the funding rate per unit of average daily attendance calculated pursuant to subparagraph (F) by the percentage increase pursuant to subdivision (b) of Section 42238.1 and multiply the resulting product by the school district's second principal apportionment average daily attendance for the current fiscal year excluding attendance in regional occupational centers/programs, adult education programs, and charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8.

(ii) Annually increase the funding rate per unit of average daily attendance calculated pursuant to subparagraph (F) by the percentage increase pursuant to subdivision (b) of Section 42238.1 and multiply the resulting product by the school district's second principal apportionment average daily attendance for the current fiscal year in regional occupational centers/programs excluding attendance in charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8.

(H) For the 2001–02 fiscal year and each fiscal year thereafter, for each county office of education that increases its salaries pursuant to subdivision (a), the Superintendent shall add the sum of paragraphs (i) and (ii) to the county office of education revenue limit computed pursuant to Section 2550:

(i) Annually increase the funding rate per unit of average daily attendance calculated pursuant to subparagraph (F) by the percentage increase identified pursuant to Section 2557 and multiply the resulting product by the county office of education's second principal apportionment average daily attendance for the current fiscal year excluding attendance in regional occupational centers/programs, adult education programs, and charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8.

(ii) Annually increase the funding rate per unit of average daily attendance calculated pursuant to subparagraph (F) by the percentage increase identified pursuant to Section 2557 and multiply the resulting product by the county office of education's second principal apportionment average daily attendance for the current fiscal year in regional occupational centers/programs excluding attendance in charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8.

(3) For purposes of the calculation required by clause (ii) of subparagraph (C) of paragraph (1), clause (ii) of subparagraph (D) of paragraph (1), clause (ii) of subparagraph (G) of paragraph (2), and clause (ii) of subparagraph (H) of paragraph (2), in the 2008–09, 2009–10, 2010–11, 2011–12, and 2012–13 fiscal years, a school district's and county office of education's second principal apportionment average daily attendance for the current fiscal year shall be the second principal apportionment average daily attendance for the 2007–08 fiscal year.

(d) State funds received pursuant to this section and not used pursuant to the conditions of this section shall be returned to the state.

(e) If the funds requested by the school districts, the county superintendents of schools, and the county offices of education for the 2000–01 fiscal year exceed the state appropriation for this section, the Superintendent shall reduce all requests by the application of a single, common percentage factor for apportionment purposes, so as not to exceed the amount appropriated for this purpose.

(f) A school district or county office of education shall receive reimbursement pursuant to subdivision (c) only. However, this section does not prohibit a school district and its employees from negotiating salary schedules.

(g) The adjustments to school district and county office of education revenue limits prescribed in subparagraphs (C) and (D) of paragraph (1) of subdivision (c) and subparagraphs (G) and (H) of paragraph (2) of subdivision (c), respectively, shall continue so long as the increase in the salary schedule made pursuant to paragraph (2) of subdivision (b) or subdivision (i) is maintained.

(h) The Superintendent shall issue appropriate forms to school districts and county offices of education no later than September

1, 2000. School districts, county superintendents of schools, or county offices of education shall notify the Superintendent no later than September 30, 2001, regarding which option they wish to exercise for the 2000–01 fiscal year. School districts, county superintendents of schools, or county offices of education shall file their claim form for state funds with the Superintendent no later than September 30, 2001.

(i) Adjustments made to school district or county office of education revenue limits pursuant to subparagraphs (C) and (D) of paragraph (1) of subdivision (c) and subparagraphs (G) and (H) of paragraph (2) of subdivision (c), respectively, shall not be considered part of the base revenue limit for the purpose of computing equalization adjustments or determining other wealth-related differences in school funding.

(j) Notwithstanding subdivision (c), a school district or county office of education that already has as the annual minimum salary for beginning teachers who meet the criteria in subdivision (a) in an amount equal to or greater than thirty-four thousand dollars (\$34,000) shall be eligible to receive reimbursement pursuant to Option One.

SEC. 19. Section 45023.4 of the Education Code is amended to read:

45023.4. (a) This section shall be known, and may be cited, as the Jack O’Connell Beginning-Teacher Salary Incentive Program. Commencing in the 1999–2000 fiscal year the governing board of a school district, the county superintendent of schools, or the county board of education may increase, for teachers who meet the requirements of this subdivision, the salary on its adopted certificated employee salary schedule as provided in subdivision (b). A school district that elects to meet the requirements of this section shall be eligible to receive the incentive amount provided by subdivision (c). For purposes of this section, a teacher for whom the governing board, county superintendent of schools, or county board of education may increase salaries shall meet all of the following criteria:

- (1) Hold a valid California teaching credential, not including an emergency permit, intern permit, or waiver.
- (2) Possess a baccalaureate or higher degree.
- (3) Receive a salary paid from the general fund of the district or county office.

(b) The governing board, county superintendent of schools, or county board of education that elects to increase teachers' salaries as authorized pursuant to subdivision (a) shall perform the following computations:

(1) The governing board, county superintendent of schools, or county board of education shall designate as the lowest salary on the salary schedule for a certificated employee meeting or exceeding the criteria in subdivision (a) an amount equal to a minimum annual salary of thirty-two thousand dollars (\$32,000). If this salary change results in costs to the school district or county office of education that are equal to or greater than the incentive received pursuant to subdivision (c), the minimum salary shall be thirty-two thousand dollars (\$32,000). If this salary change results in costs to the school districts or county offices of education that are less than the incentive received, the remainder shall be used to increase the beginning salary by an amount above thirty-two thousand dollars (\$32,000) which fully applies the incentive received.

(2) The governing board, county superintendent of schools, or county board of education shall increase to the annual salary amount in paragraph (1) the salary of a certificated employee meeting the criteria in subdivision (a) whose salary on the salary schedule is less than the amount computed in paragraph (1) and, notwithstanding Section 45028, shall incorporate that increase into the salary schedule.

(3) The newly adopted salary schedule shall contain only one cell that meets the amount set forth in paragraph (1), which most often is the first-year step of a salary schedule column for certificated personnel who meet the criteria set forth in subdivision (a). All other salary schedule cells shall exceed the level set forth in paragraph (1) for personnel that meet the criteria in subdivision (a).

(c) In the 1999–2000 fiscal year, the Superintendent shall divide the amount appropriated for the purposes of this section by the 1998–99 second principal apportionment average daily attendance for all school districts and county offices of education in the state. Each school district and county office of education that certifies to the Superintendent that it is in full compliance with this section shall receive following that certification an amount equal to the results of the calculation multiplied by the participating school

district's or county office's 1998–99 second principal apportionment average daily attendance.

(d) For the 2000–01 fiscal year and each fiscal year thereafter, for each school district that meets the requirements of subdivision (b), the Superintendent shall sum the results of paragraphs (1) and (2) and add that figure to the total school district revenue limit computed pursuant to Section 42238.

(1) Annually increase the statewide average funding rate per unit of average daily attendance calculated pursuant to subdivision (c) by the percentage increase computed pursuant to subdivision (b) of Section 42238.1 and multiply the resulting product by the school district's second period average daily attendance for the prior fiscal year excluding attendance in regional occupational centers and programs, adult education programs, and charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8.

(2) Annually increase the statewide average funding rate per unit of average daily attendance calculated pursuant to subdivision (c) by the percentage increase computed pursuant to subdivision (b) of Section 42238.1 and multiply the resulting product by the school district's second period average daily attendance for the prior fiscal year in regional occupational centers and programs, excluding attendance in charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8.

(3) For purposes of the calculation required by paragraph (2), in the 2008–09, 2009–10, 2010–11, 2011–12, and 2012–13 fiscal years, the second period average daily attendance for the prior fiscal year shall be the second period average daily attendance for the 2007–08 fiscal year.

(e) For the 2000–01 fiscal year and each fiscal year thereafter, for each county office of education that meets the requirements of subdivision (b), the Superintendent shall add the sum of paragraphs (1) and (2) to the county office of education revenue limit computed pursuant to Section 2550.

(1) Annually increase the statewide average funding rate per unit of average daily attendance calculated pursuant to subdivision (c) by the percentage increase identified pursuant to Section 2557 and multiply the resulting product by the county office of

education's second period average daily attendance for the prior fiscal year excluding attendance in regional occupational centers or programs, adult education programs, and charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8.

(2) Annually increase the statewide average funding rate per unit of average daily attendance calculated pursuant to subdivision (c) by the percentage increase identified pursuant to Section 2557 and multiply the resulting product by the county office of education's second period average daily attendance for the prior fiscal year in regional occupational centers or programs excluding attendance in charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8.

(3) For purposes of the calculation required by paragraph (2), in the 2008–09, 2009–10, 2010–11, 2011–12, and 2012–13 fiscal years, the second period average daily attendance for the prior fiscal year shall be the second period average daily attendance for the 2007–08 fiscal year.

(f) The adjustment to the school district and county office of education revenue limit prescribed in subdivisions (d) and (e) shall continue so long as the increase in the salary schedule made pursuant to paragraph (2) of subdivision (b) is maintained.

(g) The adjustment made to school district or county office of education revenue limits pursuant to subdivisions (d) and (e) shall not be considered part of the base revenue limit for purposes of computing equalization adjustments or determining other differences in school funding that are based on the amount of funding received by a school district or county office of education.

(h) This section does not prohibit a school district and its employees from negotiating salary schedules.

SEC. 20. Section 46010.2 of the Education Code is amended to read:

46010.2. (a) For the purpose of determining “changes in enrollment” pursuant to subdivision (b) of Section 8 of Article XVI of the California Constitution, as required by subdivision (d) of Section 41204, the total days of attendance by pupils in schools and classes maintained by a school district shall, in the 1997–98 fiscal year, be separately determined both as if subdivision (b) of Section 46010, as it read in the 1997–98 fiscal year, did and did

not apply. The days of attendance figure resulting from the application of subdivision (b) of Section 46010 shall be used in calculating average daily attendance for comparison with average daily attendance in the 1996–97 fiscal year. The days of attendance figure determined without applying subdivision (b) of Section 46010 shall be used in calculating average daily attendance for comparison with average daily attendance in the 1998–99 fiscal year.

(b) For the purpose of determining “changes in enrollment” for the 2008–09 fiscal year pursuant to subdivision (b) of Section 8 of Article XVI of the California Constitution, as required by subdivision (d) of Section 41204, the total days of attendance by pupils in schools and classes maintained by a school district, in the 2007–08 fiscal year, shall be separately determined both as if the California School Age Families Education Program (Cal-SAFE), as set forth in Article 7.1 (commencing with Section 54740) of Chapter 9 of Part 29, as it read on January 1, 2008, did and did not apply. The days of attendance figure resulting from the application of the Cal-SAFE program shall be used in calculating average daily attendance for comparison with average daily attendance in the 2006–07 fiscal year. The days of attendance figure determined without applying the Cal-SAFE program shall be used in calculating average daily attendance for comparison with average daily attendance in the 2008–09 fiscal year.

SEC. 21. Section 46201.2 is added to the Education Code, to read:

46201.2. (a) Commencing with the 2009–10 school year and continuing through the 2012–13 school year, a school district, county office of education, or charter school may reduce the equivalent of up to five days of instruction or the equivalent number of instructional minutes without incurring the penalties set forth in Sections 41420, 46200, 46200.5, 46201, 46201.5, 46202, and 47612.5. A school district, county office of education, or charter school shall receive revenue limit funding based on the adjustments prescribed pursuant to Section 42238.146 whether or not it reduces the number of schooldays or instructional minutes.

(b) This section shall become inoperative on July 1, 2013, and, as of January 1, 2014, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2014, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 22. Section 47614.5 of the Education Code is amended to read:

47614.5. (a) The Charter School Facility Grant Program is hereby established and shall be administered by the department. The grant program is intended to provide assistance with facilities rent and lease costs for pupils in charter schools.

(b) Subject to the annual Budget Act, eligible schools shall receive an amount of up to, but not more than, seven hundred fifty dollars (\$750) per unit of average daily attendance, as certified at the second principal apportionment, to provide an amount of up to, but not more than, 75 percent of the annual facilities rent and lease costs for the charter school. In any fiscal year, if the funds appropriated for the purposes of this section by the annual Budget Act are insufficient to fund the approved amounts fully, the Superintendent shall apportion the available funds on a pro rata basis.

(c) For purposes of this section, the department shall do all of the following:

(1) Inform charter schools of the grant program.

(2) Upon application by a charter school, determine eligibility, based on the geographic location of the charter schoolsite, pupil eligibility for free or reduced price meals, and a preference in admissions, as appropriate. Eligibility for funding shall not be limited to the grade level or levels served by the school whose attendance area is used to determine eligibility. Charter schoolsites are eligible for funding pursuant to this section if the charter schoolsite meets either of the following conditions:

(A) The charter schoolsite is physically located in the attendance area of a public elementary school in which 70 percent or more of the pupil enrollment is eligible for free or reduced priced meals and the schoolsite gives a preference in admissions to pupils who are currently enrolled in that public elementary school and to pupils who reside in the elementary school attendance area where the charter schoolsite is located.

(B) Seventy percent or more of the pupil enrollment at the charter schoolsite is eligible for free or reduced price meals.

(3) Inform charter schools of their grant eligibility.

(4) Allocate funding to charter schools for eligible expenditures in a timely manner.

(5) No later than June 30, 2005, report to the Legislature on the number of charter schools that have participated in the grant program pursuant to the expanded eligibility prescribed in paragraph (2). In addition, the report shall provide recommendations and suggestions on improving the grant program.

(d) Funds appropriated for purposes of this section shall not be apportioned for any of the following:

(1) Units of average daily attendance generated through nonclassroom-based instruction as defined by paragraph (2) of subdivision (d) of Section 47612.5 or that does not comply with conditions or limitations set forth in regulations adopted by the state board pursuant to this section.

(2) Charter schools occupying existing school district or county office of education facilities.

(3) Charter schools receiving reasonably equivalent facilities from their chartering authority pursuant to Section 47614.

(e) Funds appropriated for purposes of this section shall be used for costs associated with facilities rents and leases, consistent with the definitions used in the California School Accounting Manual. These funds also may be used for costs, including, but not limited to, costs associated with remodeling buildings, deferred maintenance, initially installing or extending service systems and other built-in equipment, and improving sites.

(f) If an existing charter school located in an elementary attendance area in which less than 50 percent of pupil enrollment is eligible for free or reduced price meals relocates to an attendance area identified in paragraph (2) of subdivision (c), admissions preference shall be given to pupils who reside in the elementary school attendance area into which the charter school is relocating.

(g) The Superintendent annually shall report to the state board regarding the use of funds that have been made available during the fiscal year to each charter school pursuant to the grant program.

(h) It is the intent of the Legislature that not less than eighteen million dollars (\$18,000,000) annually be appropriated for purposes of the grant program on the same basis as other elementary and secondary education categorical programs.

(i) Commencing with the 2009–10 fiscal year, the Superintendent shall annually allocate the facilities grants to eligible charter schools no later than October 1 of each fiscal year. However, the department shall first use the funding appropriated

for this program in the 2009–10 fiscal year to reimburse eligible charter schools for rent or lease costs for the 2008–09 fiscal year, consistent with this section as it read on June 30, 2009.

SEC. 23. Section 47634.1 of the Education Code is amended to read:

47634.1. (a) Notwithstanding subdivision (a) of Section 47634, a categorical block grant for charter schools for the 2005–06 fiscal year shall be calculated as follows:

(1) The Superintendent shall divide the total amount of funding appropriated for the purpose of this block grant in the annual Budget Act or another statute, less the total amount calculated in paragraph (2), by the statewide total of charter school average daily attendance, as determined at the second principal apportionment for the 2005–06 fiscal year.

(2) The statewide average amount, as computed by the Superintendent, of funding per identified educationally disadvantaged pupil received by school districts in the current fiscal year pursuant to Article 2 (commencing with Section 54020) of Chapter 1 of Part 29. This amount shall be multiplied by the number of educationally disadvantaged pupils enrolled in the charter school. The resulting amount, if greater than zero, may not be less than the minimum amount of Economic Impact Aid funding to which a school district of similar size would be entitled pursuant to Section 54022. For purposes of this subdivision, a pupil who is eligible for subsidized meals pursuant to Section 49552 and is identified as an English learner pursuant to subdivision (a) of Section 306 shall count as two pupils.

(3) For each charter school, the Superintendent shall multiply the amount calculated in paragraph (1) by the school's average daily attendance as determined at the second principal apportionment for the 2005–06 fiscal year.

(4) The Superintendent shall add the amounts computed in paragraphs (2) and (3). The resulting amount shall be the charter school categorical block grant that the Superintendent shall apportion to each charter school from funds appropriated for this purpose in the annual Budget Act or another statute. The Superintendent shall allocate an advance payment of this grant as early as possible, but no later than October 31, 2005, based on prior year average daily attendance as determined at the second principal apportionment or, for a charter school in its first year of

operation that commences instruction on or before September 30, 2005, on estimates of average daily attendance for the current fiscal year determined pursuant to Section 47652.

(b) (1) For the 2006–07 fiscal year, the categorical block grant allocated by the Superintendent for charter schools shall be four hundred dollars (\$400) per unit of charter school average daily attendance as determined at the second principal apportionment for the 2006–07 fiscal year. This amount shall be supplemented by the amount calculated in paragraph (2).

(2) The statewide average amount, as computed by the Superintendent, of funding per economic impact aid-eligible pupil count received by school districts in the current fiscal year, pursuant to Article 2 (commencing with Section 54020) of Chapter 1 of Part 29, shall be multiplied by the number of economic impact aid-eligible pupils enrolled in the charter school. The resulting amount, if greater than zero, may not be less than the minimum amount of Economic Impact Aid funding to which a school district of similar size would be entitled pursuant to Section 54022.

(c) (1) For the 2007–08 fiscal year, the categorical block grant allocated by the Superintendent for charter schools shall be five hundred dollars (\$500) per unit of charter school average daily attendance as determined at the second principal apportionment for the 2007–08 fiscal year. For each fiscal year thereafter, this per unit amount shall be adjusted for the cost-of-living adjustment, as determined pursuant to Section 42238.1, for that fiscal year. This amount shall be supplemented in the 2007–08 fiscal year and each fiscal year thereafter by the amount calculated in paragraph (2).

(2) The statewide average amount, as computed by the Superintendent, of funding per economic impact aid-eligible pupil count received by school districts in the current year, pursuant to Article 2 (commencing with Section 54020) of Chapter 1 of Part 29, shall be multiplied by the number of economic impact aid-eligible pupils enrolled in the charter school. The resulting amount, if greater than zero, may not be less than the minimum amount of Economic Impact Aid funding to which a school district of similar size would be entitled pursuant to Section 54022.

(d) It is the intent of the Legislature to fully fund the categorical block grant for charter schools as specified in this section and to appropriate additional funding that may be needed in order to

compensate for unanticipated increases in average daily attendance and counts of economic impact aid-eligible pupils, pursuant to Article 2 (commencing with Section 54020) of Chapter 1 of Part 29, in charter schools. In any fiscal year in which the department identifies a deficiency in the categorical block grant, the department shall identify the available balance for programs that count towards meeting the requirements of Section 8 of Article XVI of the California Constitution and have unobligated funds for the year.

(e) For the purposes of this section, a funding deficiency shall be strictly limited to unanticipated increases in average daily attendance and counts of economic impact aid-eligible pupils. In no event shall additional funding be provided to restore reductions made to categorical programs pursuant to Control Section 12.42 of an annual Budget Act.

(f) On or before July 1, the department shall provide the Department of Finance with a list of those programs and their available balances, and the amount of the deficiency, if any, in the categorical block grant. Within 45 days of the receipt of a notification of deficiency, the Director of Finance shall verify the amount of the deficiency in the categorical block grant and direct the Controller to transfer an amount, equal to the lesser of the amount available or the amount needed to fully fund the categorical block grant, from those programs to the categorical block grant. The Department of Finance shall notify the Joint Legislative Budget Committee within 30 days of any transfer made pursuant to this section.

(g) Commencing October 1, 2007, the Legislative Analyst's Office shall triennially convene a work group to review, commencing with appropriations proposed for the 2008–09 fiscal year, the appropriateness of the funding level provided by the categorical block grant established in this section.

(h) Categorical block grant funding may be used for any purpose determined by the governing body of the charter school.

(i) This section shall become inoperative on July 1, 2013, and, as of January 1, 2014, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2014, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 24. Section 47634.1 is added to the Education Code, to read:

47634.1. (a) Notwithstanding subdivision (a) of Section 47634, a categorical block grant for charter schools for the 2005–06 fiscal year shall be calculated as follows:

(1) The Superintendent shall divide the total amount of funding appropriated for the purpose of this block grant in the annual Budget Act or another statute, less the total amount calculated in paragraph (2), by the statewide total of charter school average daily attendance, as determined at the second principal apportionment for the 2005–06 fiscal year.

(2) The statewide average amount, as computed by the Superintendent, of funding per identified educationally disadvantaged pupil received by school districts in the current fiscal year pursuant to Article 2 (commencing with Section 54020) of Chapter 1 of Part 29. This amount shall be multiplied by the number of educationally disadvantaged pupils enrolled in the charter school. The resulting amount, if greater than zero, shall not be less than the minimum amount of Economic Impact Aid funding to which a school district of similar size would be entitled pursuant to Section 54022. For purposes of this subdivision, a pupil who is eligible for subsidized meals pursuant to Section 49552 and is identified as an English learner pursuant to subdivision (a) of Section 306 shall count as two pupils.

(3) For each charter school, the Superintendent shall multiply the amount calculated in paragraph (1) by the school's average daily attendance as determined at the second principal apportionment for the 2005–06 fiscal year.

(4) The Superintendent shall add the amounts computed in paragraphs (2) and (3). The resulting amount shall be the charter school categorical block grant that the Superintendent shall apportion to each charter school from funds appropriated for this purpose in the annual Budget Act or another statute. The Superintendent shall allocate an advance payment of this grant as early as possible, but no later than October 31, 2005, based on prior year average daily attendance as determined at the second principal apportionment or, for a charter school in its first year of operation that commences instruction on or before September 30, 2005, on estimates of average daily attendance for the current fiscal year determined pursuant to Section 47652.

(b) (1) For the 2006–07 fiscal year, the categorical block grant allocated by the Superintendent for charter schools shall be four

hundred dollars (\$400) per unit of charter school average daily attendance as determined at the second principal apportionment for the 2006–07 fiscal year. This amount shall be supplemented by the amount calculated in paragraph (2).

(2) The statewide average amount, as computed by the Superintendent, of funding per economic impact aid-eligible pupil count received by school districts in the current fiscal year, pursuant to Article 2 (commencing with Section 54020) of Chapter 1 of Part 29, shall be multiplied by the number of economic impact aid-eligible pupils enrolled in the charter school. The resulting amount, if greater than zero, shall not be less than the minimum amount of Economic Impact Aid funding to which a school district of similar size would be entitled pursuant to Section 54022.

(c) (1) For the 2007–08 fiscal year, the categorical block grant allocated by the Superintendent for charter schools shall be five hundred dollars (\$500) per unit of charter school average daily attendance as determined at the second principal apportionment for the 2007–08 fiscal year. For each fiscal year thereafter, this per unit amount shall be adjusted for the cost-of-living adjustment, as determined pursuant to Section 42238.1, for that fiscal year. This amount shall be supplemented in the 2007–08 fiscal year and each fiscal year thereafter by the amount calculated in paragraph (2).

(2) The statewide average amount, as computed by the Superintendent, of funding per economic impact aid-eligible pupil count received by school districts in the current year, pursuant to Article 2 (commencing with Section 54020) of Chapter 1 of Part 29, shall be multiplied by the number of economic impact aid-eligible pupils enrolled in the charter school. The resulting amount, if greater than zero, shall not be less than the minimum amount of Economic Impact Aid funding to which a school district of similar size would be entitled pursuant to Section 54022.

(d) It is the intent of the Legislature to fully fund the categorical block grant for charter schools as specified in this section and to appropriate additional funding that may be needed in order to compensate for unanticipated increases in average daily attendance and counts of economic impact aid-eligible pupils, pursuant to Article 2 (commencing with Section 54020) of Chapter 1 of Part 29, in charter schools. In any fiscal year in which the department identifies a deficiency in the categorical block grant, the department

shall identify the available balance for programs that count towards meeting the requirements of Section 8 of Article XVI of the California Constitution and have unobligated funds for the year. On or before July 1, the department shall provide the Department of Finance with a list of those programs and their available balances, and the amount of the deficiency, if any, in the categorical block grant. Within 45 days of the receipt of a notification of deficiency, the Director of Finance shall verify the amount of the deficiency in the categorical block grant and direct the Controller to transfer an amount, equal to the lesser of the amount available or the amount needed to fully fund the categorical block grant, from those programs to the categorical block grant. The Department of Finance shall notify the Joint Legislative Budget Committee within 30 days of any transfer made pursuant to this section.

(e) Commencing October 1, 2007, the Legislative Analyst's Office shall triennially convene a work group to review, commencing with appropriations proposed for the 2008–09 fiscal year, the appropriateness of the funding level provided by the categorical block grant established in this section.

(f) Categorical block grant funding may be used for any purpose determined by the governing body of the charter school.

(g) This section shall become operative on July 1, 2013.

SEC. 25. Section 52055.60 is added to the Education Code, to read:

52055.60. (a) Notwithstanding any other law, for the 2008–09 to the 2012–13 fiscal years, inclusive, the department and the state board shall not prohibit a school, school district, county office of education, or charter school identified for program improvement pursuant to the federal No Child Left Behind Act of 2001, or a school district or county office of education that has received a federal corrective action sanction by the state board pursuant to subdivision (b) of Section 52055.57, from utilizing the flexibility provisions established in Section 42605. The department and the state board shall not identify the funds with which sanctions or corrective actions are to be implemented.

(b) This section does not prohibit a school, county office of education, or charter school that has been identified for program improvement pursuant to the federal No Child Left Behind Act of 2001, or a school district or county office of education sanctioned pursuant to subdivision (c) of Section 52055.57, from implementing

sanctions imposed pursuant to paragraph (6) of subdivision (c) of Section 52055.57.

(c) This section shall become inoperative on July 1, 2013, and, as of January 1, 2014, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2014, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 26. Section 52055.770 of the Education Code is amended to read:

52055.770. (a) School districts and chartering authorities shall receive funding at the following rate, on behalf of funded schools:

(1) For kindergarten and grades 1 to 3, inclusive, five hundred dollars (\$500) per enrolled pupil in funded schools.

(2) For grades 4 to 8, inclusive, nine hundred dollars (\$900) per enrolled pupil in funded schools.

(3) For grades 9 to 12, inclusive, one thousand dollars (\$1,000) per enrolled pupil in funded schools.

(b) For purposes of subdivision (a), enrollment of a pupil in a funded school in the prior fiscal year shall be based on data from the CBEDS. For the 2007–08 fiscal year, the funded rates shall be reduced to reflect the percentage difference in the total amounts appropriated for purposes of this section in that year compared to the amounts appropriated for purposes of this section in the 2008–09 fiscal year.

(c) The following amounts are hereby appropriated from the General Fund for the purposes set forth in subdivision (f):

(1) For the 2007–08 fiscal year, three hundred million dollars (\$300,000,000), to be allocated as follows:

(A) Thirty-two million dollars (\$32,000,000) for transfer by the Controller to Section B of the State School Fund for allocation by the Chancellor of the California Community Colleges to community colleges for the purpose of providing funding to the community colleges to improve and expand career technical education in public secondary education and lower division public higher education pursuant to Section 88532, including the hiring of additional faculty to expand the number of career technical education programs and course offerings.

(B) Two hundred sixty-eight million dollars (\$268,000,000) for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent pursuant to this article.

(2) For each of the 2008–09, and 2010–11 to 2014–15 fiscal years, inclusive, four hundred fifty million dollars (\$450,000,000) per fiscal year, to be allocated as follows:

(A) Forty-eight million dollars (\$48,000,000) for transfer by the Controller to Section B of the State School Fund for allocation by the Chancellor of the California Community Colleges to community colleges as required under subdivision (e).

(B) Four hundred two million dollars (\$402,000,000) for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent pursuant to this article.

(C) Commencing with the 2010–11 fiscal year, payments made pursuant to subparagraphs (A) and (B) shall be made only on or after October 8 of each fiscal year.

(d) For the 2013–14 fiscal year the amounts appropriated under subdivision (c) shall be adjusted to reflect the total fiscal settlement agreed to by the parties in California Teachers Association, et al. v. Arnold Schwarzenegger (Case Number 05CS01165 of the Superior Court for the County of Sacramento) and the sum of all fiscal years of funding provided to fund this article shall not exceed the total funds agreed to by those parties. This annual appropriation shall continue to be made until the Director of Finance reports to the Legislature, along with all proposed adjustments to the Governor’s Budget pursuant to Section 13308 of the Government Code, that the sum of appropriations made and allocated pursuant to subdivision (c) equals the total outstanding balance of the minimum state educational funding obligation to school districts and community college districts required by Section 8 of Article XVI of the California Constitution and Chapter 213 of the Statutes of 2004 for the 2004–05 and 2005–06 fiscal years, as determined in subdivision (a) or (b) of Section 41207.1.

(e) The sum transferred under subparagraph (A) of paragraph (2) of subdivision (c) for the 2008–09 fiscal year shall be allocated by the Chancellor of the California Community Colleges as follows:

(1) Thirty-eight million dollars (\$38,000,000) to the community colleges for the purpose of providing funding to the community colleges to improve and expand career technical education in public secondary education and lower division public higher education pursuant to Section 88532, including the hiring of additional faculty

to expand the number of career technical education programs and course offerings.

(2) Ten million dollars (\$10,000,000) to the community colleges for the purpose of providing one-time block grants to community college districts to be used for one-time items of expenditure, including, but not limited to, the following purposes:

(A) Physical plant, scheduled maintenance, deferred maintenance, and special repairs.

(B) Instructional materials and support.

(C) Instructional equipment, including equipment related to career-technical education, with priority for nursing program equipment.

(D) Library materials.

(E) Technology infrastructure.

(F) Hazardous substances abatement, cleanup, and repair.

(G) Architectural barrier removal.

(H) State-mandated local programs.

(3) The Chancellor of the California Community Colleges shall allocate the amount allocated pursuant to paragraph (2) to community college districts on an equal amount per actual full-time-equivalent student (FTES) reported for the prior fiscal year, except that each community college district shall be allocated an amount not less than fifty thousand dollars (\$50,000), and the equal amount per unit of FTES shall be computed accordingly.

(4) Funds allocated under paragraph (2) shall supplement and not supplant existing expenditures and may not be counted as the district contribution for physical plant projects and instructional material purchases funded in Item 6870-101-0001 of Section 2.00 of the annual Budget Act.

(f) For each fiscal year, commencing with the 2010–11 fiscal year, to the 2014–15 fiscal year, inclusive, the sum transferred pursuant to subparagraph (A) of paragraph (2) of subdivision (c) shall be allocated by the Chancellor of the California Community Colleges as follows: Forty eight million dollars (\$48,000,000) to the community colleges for the purpose of providing funding to the community colleges to improve and expand career technical education in public secondary education and lower division public higher education pursuant to Section 88532, including the hiring of additional faculty to expand the number of career technical education programs and course offerings.

(g) The appropriations made under subdivision (c) are for the purpose of discharging in full the minimum state educational funding obligation to school districts and community college districts pursuant to Section 8 of Article XVI of the California Constitution and Chapter 213 of the Statutes of 2004 for the 2004–05 fiscal year, and the outstanding maintenance factor for the 2005–06 fiscal year resulting from this additional payment of the Chapter 213 amount for the 2004–05 fiscal year.

(h) For the purposes of making the computations required by Section 8 of Article XVI of the California Constitution, including computation of the state’s minimum funding obligation to school districts and community college districts in subsequent fiscal years, the first one billion six hundred twenty million nine hundred twenty-eight thousand dollars (\$1,620,928,000) in appropriations made pursuant to subdivision (c) shall be deemed to be “General Fund revenues appropriated for school districts,” as defined in subdivision (c) of Section 41202 and “General Fund Revenues appropriated for community college districts,” as defined in subdivision (d) of Section 41202, for the 2004–05 fiscal year and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202, for that fiscal year. The remaining appropriations made pursuant to subdivision (c) shall be deemed to be “General Fund revenues appropriated for school districts,” as defined in subdivision (c) of Section 41202 and “General Fund revenues appropriated for community college districts,” as defined in subdivision (d) of Section 41202, for the 2005–06 fiscal year and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202, for that fiscal year.

(i) From funds appropriated under subdivision (c), the Superintendent shall provide both of the following:

(1) Not more than two million dollars (\$2,000,000) annually to county superintendents of schools to carry out the requirements of this article, allocated in a manner similar to that created to carry out the new duties of those superintendents under the settlement agreement in the case of *Williams v. California* (Super. Ct. San Francisco, No. CGC-00-312236).

(2) Five million dollars (\$5,000,000) in the 2007–08 fiscal year to support regional assistance under Section 52055.730. It is the intent of the Legislature that the Superintendent and the secretary, along with county offices of education, seek foundational and other financial support to sustain and expand these services. Funds provided under this paragraph that are not expended in the 2007–08 fiscal year shall be reappropriated for use in subsequent fiscal years for the same purpose.

(j) Notwithstanding any other provision of law, funds appropriated under subdivision (c) but not allocated to schools with kindergarten or grades 1 to 12, inclusive, in a fiscal year, due to program termination in any year or otherwise, shall be available for reappropriation only in furtherance of the purposes of this article. First priority for those amounts shall be to provide cost-of-living increases and enrollment growth adjustments to funded schools.

(k) The sum of three hundred fifty thousand dollars (\$350,000) is hereby appropriated from the General Fund to the State Department of Education to fund 3.0 positions to implement this article. Funding provided under this subdivision is not part of funds provided pursuant to subdivision (c).

SEC. 27. Section 52124.3 of the Education Code is amended to read:

52124.3. (a) For the 2008–09, 2009–10, 2010–11, and 2011–12 fiscal years only, the amounts deducted pursuant to subdivision (d) of Section 52124 shall be as follows:

(1) Five percent of the amount to which the school district would otherwise be eligible for each class for which the annual average enrollment determined pursuant to Section 52124.5 is greater than or equal to 20.5 but less than 21.5.

(2) Ten percent of the amount to which the school district would otherwise be eligible for each class for which the annual average enrollment determined pursuant to Section 52124.5 is greater than or equal to 21.5 but less than 22.5.

(3) Fifteen percent of the amount to which the school district would otherwise be eligible for each class for which the annual average enrollment determined pursuant to Section 52124.5 is greater than or equal to 22.5 but less than 23.0.

(4) Twenty percent of the amount to which the school district would otherwise be eligible for each class for which the annual

average enrollment determined pursuant to Section 52124.5 is greater than or equal to 23.0 but less than 25.0.

(5) Thirty percent of the amount to which the school district would otherwise be eligible for each class for which the annual average enrollment determined pursuant to Section 52124.5 is greater than or equal to 25.0.

(b) For the 2008–09, 2009–10, 2010–11, and 2011–12 fiscal years, a local educational agency is eligible to receive funding pursuant to this chapter only for the same number of classes for which it had applied to receive program funding as of January 31, 2009. A local educational agency that meets these criteria is eligible for reduced funding under this section only for the number of classes reported on its 2008–09 operations application and is not eligible for funds under this chapter for classes in addition to that number.

SEC. 28. Section 60200.7 is added to the Education Code, to read:

60200.7. Notwithstanding Sections 60200 and 60200.1, the state board shall not adopt instructional materials or follow the procedures adopted pursuant to Sections 60200 and 60200.1 until the 2013–14 school year.

SEC. 29. Section 60422.1 of the Education Code is amended to read:

60422.1. (a) Notwithstanding subdivision (i) of Section 60200, Section 60422, or any other provision of law, for the 2008–09 to the 2012–13 fiscal years, inclusive, the governing board of a school district is not required to provide pupils with instructional materials by a specified period of time following adoption of those materials by the state board.

(b) Notwithstanding subdivision (a), this section does not relieve school districts of their obligations to provide every pupil with textbooks or instructional materials, as provided in Section 1240.3.

(c) This section does not relieve school districts of the obligation to hold a public hearing or hearings pursuant to subparagraphs (A) and (B) of paragraph (1) of subdivision (a) of Section 60119.

(d) This section shall become inoperative on July 1, 2013, and, as of January 1, 2014, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2014, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 30. Section 60852.3 is added to the Education Code, to read:

60852.3. (a) Notwithstanding any other provision of law, commencing with the 2009–10 school year, an eligible pupil with a disability is not required to pass the high school exit examination established pursuant to Section 60850 as a condition of receiving a diploma of graduation or as a condition of graduation from high school.

(b) This exemption shall last until the state board, pursuant to Section 60852.1, makes a determination that the alternative means by which an eligible pupil with disabilities may demonstrate the same level of academic achievement in the portions of, or those content standards required for passage of, the high school exit examination are not feasible or that the alternative means are implemented.

(c) For the purposes of this section, an eligible pupil with a disability is a pupil with an individualized education program adopted pursuant to the federal Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.) or a plan adopted pursuant to Section 504 of the federal Rehabilitation Act of 1972 (29 U.S.C. Sec. 794(a)) that indicates the pupil is scheduled to receive a high school diploma, and that the pupil has satisfied or will satisfy all other state and local requirements for the receipt of a high school diploma, on or after July 1, 2009.

(d) A local educational agency, as defined in Section 56026.3, shall not adopt an individualized education program pursuant to the federal Individuals with Disabilities Education Act or a plan pursuant to Section 504 of the federal Rehabilitation Act of 1972 for a pupil for the sole purpose of exempting the pupil from the requirement to pass the high school exit examination as a condition or receiving a high school diploma, unless that adoption is consistent with federal law.

(e) Pursuant to subdivision (b) of Section 60851, pupils with exceptional needs shall take the high school exit examination in grade 10 for purposes of fulfilling the requirements of the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 7114).

SEC. 31. Section 76300 of the Education Code is amended to read:

76300. (a) The governing board of each community college district shall charge each student a fee pursuant to this section.

(b) (1) The fee prescribed by this section shall be twenty-six dollars (\$26) per unit per semester, effective with the fall term of the 2009–10 academic year.

(2) The board of governors shall proportionately adjust the amount of the fee for term lengths based upon a quarter system, and also shall proportionately adjust the amount of the fee for summer sessions, intersessions, and other short-term courses. In making these adjustments, the board of governors may round the per unit fee and the per term or per session fee to the nearest dollar.

(c) For the purposes of computing apportionments to community college districts pursuant to Section 84750, the board of governors shall subtract, from the total revenue owed to each district, 98 percent of the revenues received by districts from charging a fee pursuant to this section.

(d) The board of governors shall reduce apportionments by up to 10 percent to any district that does not collect the fees prescribed by this section.

(e) The fee requirement does not apply to any of the following:

(1) Students enrolled in the noncredit courses designated by Section 84757.

(2) California State University or University of California students enrolled in remedial classes provided by a community college district on a campus of the University of California or a campus of the California State University, for whom the district claims an attendance apportionment pursuant to an agreement between the district and the California State University or the University of California.

(3) Students enrolled in credit contract education courses pursuant to Section 78021, if the entire cost of the course, including administrative costs, is paid by the public or private agency, corporation, or association with which the district is contracting and if these students are not included in the calculation of the full-time equivalent students (FTES) of that district.

(f) The governing board of a community college district may exempt special part-time students admitted pursuant to Section 76001 from the fee requirement.

(g) (1) The fee requirements of this section shall be waived for any student who, at the time of enrollment, is a recipient of benefits under the Temporary Assistance to Needy Families program, the Supplemental Security Income/State Supplementary Program, or

a general assistance program or has demonstrated financial need in accordance with the methodology set forth in federal law or regulation for determining the expected family contribution of students seeking financial aid.

(2) The governing board of a community college district also shall waive the fee requirements of this section for any student who demonstrates eligibility according to income standards established by regulations of the board of governors.

(3) Paragraphs (1) and (2) may be applied to a student enrolled in the 2005–06 academic year if the student is exempted from nonresident tuition under paragraph (3) of subdivision (a) of Section 76140.

(h) The fee requirements of this section shall be waived for any student who, at the time of enrollment, is a dependent, or surviving spouse who has not remarried, of any member of the California National Guard who, in the line of duty and while in the active service of the state, was killed, died of a disability resulting from an event that occurred while in the active service of the state, or is permanently disabled as a result of an event that occurred while in the active service of the state. “Active service of the state,” for the purposes of this subdivision, refers to a member of the California National Guard activated pursuant to Section 146 of the Military and Veterans Code.

(i) The fee requirements of this section shall be waived for any student who is the surviving spouse or the child, natural or adopted, of a deceased person who met all of the requirements of Section 68120.

(j) The fee requirements of this section shall be waived for any student in an undergraduate program, including a student who has previously graduated from another undergraduate or graduate program, who is the dependent of any individual killed in the September 11, 2001, terrorist attacks on the World Trade Center and the Pentagon or the crash of United Airlines Flight 93 in southwestern Pennsylvania, if that dependent meets the financial need requirements set forth in Section 69432.7 for the Cal Grant A Program and either of the following applies:

(1) The dependent was a resident of California on September 11, 2001.

(2) The individual killed in the attacks was a resident of California on September 11, 2001.

(k) A determination of whether a person is a resident of California on September 11, 2001, for purposes of subdivision (j) shall be based on the criteria set forth in Chapter 1 (commencing with Section 68000) of Part 41 for determining nonresident and resident tuition.

(l) (1) “Dependent,” for purposes of subdivision (j), is a person who, because of his or her relationship to an individual killed as a result of injuries sustained during the terrorist attacks of September 11, 2001, qualifies for compensation under the federal September 11th Victim Compensation Fund of 2001 (Title IV (commencing with Section 401) of Public Law 107-42).

(2) A dependent who is the surviving spouse of an individual killed in the terrorist attacks of September 11, 2001, is entitled to the waivers provided in this section until January 1, 2013.

(3) A dependent who is the surviving child, natural or adopted, of an individual killed in the terrorist attacks of September 11, 2001, is entitled to the waivers under subdivision (j) until that person attains the age of 30 years.

(4) A dependent of an individual killed in the terrorist attacks of September 11, 2001, who is determined to be eligible by the California Victim Compensation and Government Claims Board, is also entitled to the waivers provided in this section until January 1, 2013.

(m) (1) It is the intent of the Legislature that sufficient funds be provided to support the provision of a fee waiver for every student who demonstrates eligibility pursuant to subdivisions (g) to (j), inclusive.

(2) From funds provided in the annual Budget Act, the board of governors shall allocate to community college districts, pursuant to this subdivision, an amount equal to 2 percent of the fees waived pursuant to subdivisions (g) to (j), inclusive. From funds provided in the annual Budget Act, the board of governors shall allocate to community college districts, pursuant to this subdivision, an amount equal to ninety-one cents (\$0.91) per credit unit waived pursuant to subdivisions (g) to (j), inclusive. It is the intent of the Legislature that funds provided pursuant to this subdivision be used to support the determination of financial need and delivery of student financial aid services, on the basis of the number of students for whom fees are waived. It also is the intent of the Legislature that the funds provided pursuant to this subdivision

directly offset mandated costs claimed by community college districts pursuant to Commission on State Mandates consolidated Test Claims 99-TC-13 (Enrollment Fee Collection) and 00-TC-15 (Enrollment Fee Waivers). Funds allocated to a community college district for determination of financial need and delivery of student financial aid services shall supplement, and shall not supplant, the level of funds allocated for the administration of student financial aid programs during the 1992–93 fiscal year.

(n) The board of governors shall adopt regulations implementing this section.

SEC. 32. Section 84043 is added to the Education Code, to read:

84043. (a) (1) Notwithstanding any other provision of law, and unless otherwise prohibited under federal law, for the 2009–10 to 2012–13 fiscal years, inclusive, community college districts may use funding received, pursuant to subdivision (b), from any of the programs listed in paragraph (2) that are contained in Item 6870-101-0001 of Section 2.00 of the annual Budget Act, for the purposes of any of the programs contained in Schedule (2) and Schedules (4) to (23), inclusive, of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2009.

- (2) (A) Apprenticeship.
- (B) Matriculation.
- (C) Academic Senate for the Community Colleges.
- (D) Equal Employment Opportunity.
- (E) Part-time Faculty Health Insurance.
- (F) Part-time Faculty Compensation.
- (G) Part-time Faculty Office Hours.
- (H) Economic Development.
- (I) Transfer Education and Articulation.
- (J) Physical Plant and Instructional Support.
- (K) Career Technical Education.
- (L) Campus Childcare Tax Bailout.

(b) For the 2009–10 to 2012–13 fiscal years, inclusive, the chancellor shall apportion from the amounts provided in the annual Budget Act for the programs enumerated in paragraph (2) of subdivision (a), an amount to a community college district, based on the same relative proportion that the district received in the 2008–09 fiscal year for the programs enumerated in paragraph (2) of subdivision (a). The amounts allocated shall be adjusted for any

greater or lesser amount appropriated for the items enumerated in paragraph (2) of subdivision (a).

(c) (1) This section does not obligate the state to refund or repay reductions made pursuant to this section. A decision by a district to reduce funding pursuant to this section for a state-mandated local program shall constitute a waiver of the subvention of funds that the district is otherwise entitled to pursuant to Section 6 of Article XIII B of the California Constitution on the amount so reduced.

(2) If a community college district elects to use funding received pursuant to subdivision (b) in the manner authorized pursuant to subdivision (a), the governing board of the district shall, at a regularly scheduled open public hearing, take testimony from the public, discuss, and shall approve or disapprove the proposed use of funding.

(3) (A) If a community college district elects to use funding received pursuant to subdivision (b) in the manner authorized pursuant to subdivision (a), the district shall continue to report the expenditures pursuant to this section by using the appropriate codes to indicate the activities for which these funds were expended using the existing standard reporting process as determined by the chancellor.

(B) The chancellor shall collect the information in subparagraph (A) and shall provide that information to the Department of Finance and to the appropriate policy and budget committees of the Legislature on or before April 15, 2010, and annually thereafter by April 15 of each year, through 2014.

(d) For the 2009–10 to 2012–13 fiscal years, inclusive, community college districts that elect to use funding in the manner authorized pursuant to subdivision (a) shall be deemed to be in compliance with the program and funding requirements contained in statutory, regulatory, and provisional language, associated with the programs enumerated in subdivision (a).

SEC. 33. Section 7906 of the Government Code is amended to read:

7906. For school districts:

(a) “ADA” means a school district’s second principal apportionment units of average daily attendance as determined pursuant to Section 42238.5 of the Education Code, including average daily attendance in summer school, regional occupational

centers and programs, and apprenticeship programs, and excluding average daily attendance in adult education programs. All other units of average daily attendance including, but not limited to, special day classes for special education pupils, shall be included.

(1) For purposes of this subdivision, the average daily attendance of summer school programs shall be determined pursuant to subparagraph (F) of paragraph (1) of subdivision (a) of Section 14022.5 of the Education Code.

(2) For purposes of this subdivision, the average daily attendance of apprenticeship programs shall be determined pursuant to subparagraph (D) of paragraph (1) of subdivision (a) of Section 14022.5 of the Education Code.

(3) For the 2008–09, 2009–10, 2010–11, 2011–12, and 2012–13 fiscal years, the average daily attendance of public school districts, including county superintendents of schools, serving kindergarten and grades 1 to 12, inclusive, or any part thereof, shall include the same amount of average daily attendance for classes for supplemental instruction and regional occupational centers programs that was used for the purposes of this section for the 2007–08 fiscal year.

(b) “Foundation program level” means:

(1) For the 1978–79 fiscal year, one thousand two hundred forty-one dollars (\$1,241) for elementary districts, one thousand three hundred twenty-two dollars (\$1,322) for unified districts, and one thousand four hundred twenty-seven dollars (\$1,427) for high school districts.

(2) For the 1979–80 fiscal year through the 1986–87 fiscal year, inclusive, the levels specified in paragraph (1) increased by the lesser of the change in cost of living or California per capita personal income for the preceding calendar year.

(3) For the 1986–87 fiscal year, the levels specified in paragraph (2) increased by one hundred eighty dollars (\$180) for elementary districts, one hundred ninety-one dollars (\$191) for unified districts, and two hundred seven dollars (\$207) for high school districts.

(4) For the 1987–88 fiscal year, the levels specified in paragraph (3) increased by the lesser of the change in cost of living or California per capita personal income for the preceding calendar year.

(5) For the 1988–89 fiscal year and each fiscal year thereafter, the foundation program level shall be the appropriations limit of

the school district for the current fiscal year, plus amounts paid for any nonreimbursed court or federal mandates imposed on or after November 6, 1979, less the sum of the following:

(A) Interest earned on the proceeds of taxes during the current fiscal year.

(B) The 50 percent of miscellaneous funds received during the current fiscal year which are from the proceeds of taxes.

(C) Locally voted taxes received during the current fiscal year, such as parcel taxes or square foot taxes, unless for voter-approved bonded debt.

(D) Any other local proceeds of taxes received during the current fiscal year, other than local taxes which count towards the revenue limit, such as excess bond revenues transferred to a district's general fund pursuant to Section 15234 of the Education Code.

(c) "Proceeds of taxes" shall be deemed to include subventions received from the state only if those subventions are for one of the following two purposes:

(1) Basic aid subventions of one hundred twenty dollars (\$120) per ADA.

(2) Additional apportionments which, when added to the district's local revenues as defined in Section 42238 of the Education Code, do not exceed the foundation program level for that district. In no case shall subventions received from the state for reimbursement of state mandates in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or of Section 17561 or for reimbursement of court or federal mandates imposed on or after November 6, 1979, be considered "proceeds of taxes" for the purposes of this section.

(d) Proceeds of taxes for a fiscal year shall not include any proceeds of taxes within the district's beginning balance or reserve, unless those funds were not appropriated in a prior fiscal year. Funds that were appropriated to a reserve or other fund referenced in Section 5 of Article XIII B of the California Constitution shall be deemed to be appropriated for the purpose of this paragraph.

(e) The remainder of the state apportionments, including special purpose apportionments and categorical aid subventions shall not be considered proceeds of taxes for a school district.

(f) Each school district shall report to the Superintendent of Public Instruction and to the Director of Finance at least annually its appropriation limit, its appropriations subject to limitation, the

amount of its state aid apportionments and subventions included within the proceeds of taxes of the school district, and amounts excluded from its appropriations limit, at a time and in a manner prescribed by the Superintendent of Public Instruction and approved by the Director of Finance.

(g) For the 1988–89 fiscal year and each fiscal year thereafter, nothing in paragraph (2) of subdivision (c) shall be so construed as to require that the amount determined pursuant to subdivision (b) be multiplied by the amount determined pursuant to subdivision (a) for purposes of determining the amount of state aid included in school district “proceeds of taxes” for purposes of this section.

SEC. 34. Section 8880.5 of the Government Code is amended to read:

8880.5. Allocations for education:

The California State Lottery Education Fund is created within the State Treasury, and is continuously appropriated for carrying out the purposes of this chapter. The Controller shall draw warrants on this fund and distribute them quarterly in the following manner, provided that the payments specified in subdivisions (a) to (g), inclusive, shall be equal per capita amounts.

(a) (1) Payments shall be made directly to public school districts, including county superintendents of schools, serving kindergarten and grades 1 to 12, inclusive, or any part thereof, on the basis of an equal amount for each unit of average daily attendance, as defined by law and adjusted pursuant to subdivision (l).

(2) For purposes of this paragraph, in each of the 2008–09, 2009–10, 2010–11, 2011–12, and 2012–13 fiscal years, the number of units of average daily attendance in each of those fiscal years for programs for public school districts, including county superintendents of schools, serving kindergarten and grades 1 to 12, inclusive, shall include the same amount of average daily attendance for classes for adults and regional occupational centers and programs used in the calculation made pursuant to this subdivision for the 2007–08 fiscal year.

(b) Payments shall also be made directly to public school districts serving community colleges, on the basis of an equal amount for each unit of average daily attendance, as defined by law.

(c) Payments shall also be made directly to the Board of Trustees of the California State University on the basis of an amount for each unit of equivalent full-time enrollment. Funds received by the trustees shall be deposited in and expended from the California State University Lottery Education Fund, which is hereby created or, at the discretion of the trustees, deposited in local trust accounts in accordance with subdivision (j) of Section 89721 of the Education Code.

(d) Payments shall also be made directly to the Regents of the University of California on the basis of an amount for each unit of equivalent full-time enrollment.

(e) Payments shall also be made directly to the Board of Directors of the Hastings College of the Law on the basis of an amount for each unit of equivalent full-time enrollment.

(f) Payments shall also be made directly to the Department of the Youth Authority for educational programs serving kindergarten and grades 1 to 12, inclusive, or any part thereof, on the basis of an equal amount for each unit of average daily attendance, as defined by law.

(g) Payments shall also be made directly to the two California Schools for the Deaf, the California School for the Blind, and the three Diagnostic Schools for Neurologically Handicapped Children, on the basis of an amount for each unit of equivalent full-time enrollment.

(h) Payments shall also be made directly to the State Department of Developmental Services and the State Department of Mental Health for clients with developmental or mental disabilities who are enrolled in state hospital education programs, including developmental centers, on the basis of an equal amount for each unit of average daily attendance, as defined by law.

(i) No Budget Act or other statutory provision shall direct that payments for public education made pursuant to this chapter be used for purposes and programs (including workload adjustments and maintenance of the level of service) authorized by Chapters 498, 565, and 1302 of the Statutes of 1983, Chapter 97 or 258 of the Statutes of 1984, or Chapter 1 of the Statutes of the 1983–84 Second Extraordinary Session.

(j) School districts and other agencies receiving funds distributed pursuant to this chapter may at their option utilize funds allocated by this chapter to provide additional funds for those purposes and

programs prescribed by subdivision (i) for the purpose of enrichment or expansion.

(k) As a condition of receiving any moneys pursuant to subdivision (a) or (b), each district and county superintendent of schools shall establish a separate account for the receipt and expenditure of those moneys, which account shall be clearly identified as a lottery education account.

(l) Commencing with the 1998–99 fiscal year, and each year thereafter, for the purposes of subdivision (a), average daily attendance shall be increased by the statewide average rate of excused absences for the 1996–97 fiscal year as determined pursuant to the provisions of Chapter 855 of the Statutes of 1997. The statewide average excused absence rate, and the corresponding adjustment factor required for the operation of this subdivision, shall be certified to the State Controller by the Superintendent of Public Instruction.

(m) It is the intent of this chapter that all funds allocated from the California State Lottery Education Fund shall be used exclusively for the education of pupils and students and no funds shall be spent for acquisition of real property, construction of facilities, financing of research, or any other noninstructional purpose.

SEC. 35. Section 42 of Chapter 12 of the Statutes of 2009, Third Extraordinary Session, is amended to read:

Sec. 42. (a) For the 2008–09 and 2009–10 fiscal years, in order to provide local budgeting flexibility as a result of budget reductions made by the Legislature for the 2008–09 and 2009–10 fiscal years, the governing board of a school district or county office of education may use for any educational purpose up to 100 percent of the balances, as of June 30, 2008, of restricted accounts in its general fund, adult education fund, deferred maintenance fund, and pupil transportation equipment fund, excluding restricted reserves committed for bond funds, sinking funds, and federal funds, and excluding balances in the following programs:

(1) Economic Impact Aid (Article 2 (commencing with Section 54020) of Chapter 1 of Part 29 of Division 4 of Title 2 of the Education Code).

(2) Special education.

(3) Quality Education Investment Act of 2006 (Article 3.7 (commencing with Section 52055.700) of Chapter 6.1 of Part 28 of Division 4 of Title 2 of the Education Code).

(4) Home-to-school transportation.

(5) The English Language Learner Acquisition and Development Pilot Program (Chapter 5 (commencing with Section 420) of Part 1 of Division 1 of Title 1 of the Education Code) as funded pursuant to paragraph (13) of subdivision (a) of Section 43 of Chapter 79 of the Statutes of 2006.

(6) Child development.

(7) Child nutrition programs.

(b) For purposes of this section, balances of restricted accounts do not include the amounts deferred from the 2006–07 fiscal year to the 2007–08 fiscal year or the amounts deferred from the 2007–08 fiscal year to the 2008–09 fiscal year.

(c) A governing board shall not use the ending balance in any restricted account if that use would violate a federal maintenance of effort requirement.

(d) This section does not obligate the state to refund or repay funds used pursuant to this section. If a school district uses an ending balance in a restricted account that consists, in whole or in part, of funds reimbursed to the district as a subvention of funds for a state-mandated local program, the school district shall not submit a claim to the state for a subsequent reimbursement of the funds that were reimbursed pursuant to Section 6 of Article XIII B of the California Constitution and used pursuant to the authority granted to a school district pursuant to this section.

(e) A governing board that elects to use balances in restricted accounts pursuant to this section shall report to the Superintendent, in a manner determined by the Superintendent, regarding the programs and amounts of restricted balances used pursuant to subdivision (a). The Superintendent shall report statewide information and information for each school district and county office of education to the Joint Legislative Budget Committee by April 15, 2010.

SEC. 36. Notwithstanding any other law, for the 2008–09 to 2012–13 fiscal years, inclusive, school districts shall not be required to deposit in their deferred maintenance fund, established pursuant to Section 17582 of the Education Code, the amount

specified in subdivision (b) of Section 17584 of the Education Code.

SEC. 37. It is the intent of the Legislature that basic aid school districts assume categorical funding reductions proportionate to the revenue limit reductions implemented for nonbasic aid districts in this act. The Superintendent of Public Instruction shall reduce the amount of categorical funding allocated to basic aid school districts in the 2009–10 fiscal year, as follows:

(a) For the 2009–10 fiscal year, the State Department of Education shall notify each basic aid school district, by September 1, 2010, or two months after the Budget Act of 2010 is enacted, whichever is later, of the amount of funds to be reduced from its categorical funding allocations, as follows:

(1) Multiply each district's 2009–10 fiscal year total revenue limit subject to the deficit factor specified in paragraph (5) of subdivision (a) of Section 42238.146 of the Education Code, calculated as of the 2009–10 fiscal year certified second principal apportionment, by 5.81 percent.

(2) The department shall recover from categorical funds identified in subdivision (b) and apportioned in the 2010–11 fiscal year to districts that were basic aid school districts in the 2009–10 fiscal year, the lesser of the amount calculated in paragraph (1) or the amount by which the sum of the amounts described in subdivision (h) of Section 42238 of the Education Code exceeds the district's revenue limit. This result will be further limited by the following:

(A) The amount of categorical funds to be reduced shall be limited to the extent that the provisions of Section 41975 of the Education Code cannot be met through other state aid.

(B) If the amount determined in paragraph (1) exceeds the amount of categorical funding owed or paid in the 2010–11 fiscal year to the basic aid school district for programs identified in subdivision (b), the department shall recover the lesser amount.

(b) The department shall recover the amount of funds calculated in subdivision (a) and may offset funds for any categorical program to be received in the 2010–11 fiscal year, with the exception of special education, funds received under the After School Education and Safety Program, the Quality Education Investment Act of 2006, and child care and development.

(c) By June 30, 2011, the department shall report to the Controller and the Director of Finance the amounts that were recovered from each categorical education program and the corresponding item of appropriation in the Budget Act of 2009 that is to be reduced. The amounts so reduced shall revert to the General Fund. The reductions pursuant to this subdivision shall be reductions in the amount appropriated for purposes of Section 8 of Article XVI of the California Constitution for the 2009–10 fiscal year.

(d) For purposes of this section, “basic aid school district” means a school district that does not receive from the state, for the 2009–10 fiscal year, an apportionment of state funds pursuant to subdivision (h) of Section 42238 of the Education Code.

SEC. 38. For the 2009–10 fiscal year and for purposes of Sections 42127 and 42131 of the Education Code, a county superintendent of schools and the Superintendent of Public Instruction shall not assign a qualified or negative certification to a local educational agency based substantially on a projected loss of federal funds provided through the federal State Fiscal Stabilization Fund of the American Recovery and Reinvestment Act of 2009 in the 2011–12 fiscal year. To ensure consistent statewide implementation of this section and to provide guidance to reviewing agencies regarding the application of this section, the Superintendent of Public Instruction shall convene a standards and criteria committee established pursuant to Section 33127 of the Education Code to modify the budget and financial review criteria to incorporate this change for the 2009–10 fiscal year.

SEC. 39. (a) (1) The sum of four hundred two million dollars (\$402,000,000) is hereby appropriated from the General Fund to the Superintendent of Public Instruction for the 2009–10 fiscal year to be allocated to schoolsites selected to participate in the Quality Education Investment Act program pursuant to Section 52055.730 of the Education Code. Local educational agencies shall receive funding, on behalf of funded schools, at the rates established pursuant to subdivisions (a) and (i) of Section 52055.770 of the Education Code. Local educational agencies and school sites receiving this funding shall comply with all of the requirements of the Quality Education Investment Act program specified in Article 3.7 (commencing with Section 52055.700) of

Chapter 6.1 of Division 4 of Title 2 of Part 28 of the Education Code.

(2) Notwithstanding Section 52055.770 of the Education Code, for purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriation made by this subdivision shall be included in the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in Section 41202 of the Education Code for the 2009–10 fiscal year.

(3) Notwithstanding any other provision of law, the appropriation made in this subdivision shall be in lieu of the appropriation required by subparagraph (B) of paragraph (2) of subdivision (c) of Section 52055.770 of the Education Code for the 2009–10 fiscal year.

(b) For each school district and chartering authority receiving an allocation pursuant to subdivision (a), the Superintendent of Public Instruction shall reduce its revenue limit determined pursuant to Section 42238 of the Education Code or its general purpose entitlement determined pursuant to Section 47633 of the Education Code, as applicable, for the 2009–10 fiscal year by the amount of the allocation received pursuant to subdivision (a).

(c) Notwithstanding any other provision of law, local educational agencies that participated in the Quality Education Investment Act Program in the 2009–10 fiscal year may, on behalf of eligible schoolsites, apply to the State Department of Education for grants provided to the state pursuant to subdivisions (a) and (g) of Section 1003 of Title I of the Elementary and Secondary Education Act (20 U.S.C. Sec. 6303 et seq.) and for moneys reserved by the state pursuant to subdivision (g) of Section 1003 of Title I of the Elementary and Secondary Education Act. The State Department of Education shall award grants to schoolsites during the 2009–10 fiscal year from funds provided pursuant to subdivision (a) or subdivision (g), as appropriate, of Section 1003 of Title I of the Elementary and Secondary Education Act, which apply for these funds pursuant to this subdivision and meet all of the eligibility requirements for the receipt of these funds.

SEC. 40. The Legislature finds and declares that Section 34 of this act furthers the purposes of the California State Lottery Act of 1984.

SEC. 41. This act addresses the fiscal emergency declared by the Governor by proclamation on July 1, 2009, pursuant to subdivision (f) of Section 10 of Article IV of the California Constitution.

SEC. 42. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to make the necessary statutory changes to implement the Budget Act of 2009 as soon as practicable, it is necessary that this act take effect immediately.

Approved _____, 2009

Governor